The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. This Preliminary Placement Documents is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

AZAD ENGINEERING LIMITED

Registered and Corporate Office: 90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500 055, Telangana, India
Contact Person: Ful Kumar Gautam, Company Secretary and Compliance Officer
E-mail: cs@azad.in; **Website**: www.azad.in**; Telephone**: +91 40 2309 7007
Corporate Identity Number: U74210TG1983PLC004132

*Azad Engineering Limited ("**Company**") was originally incorporated as 'Azad Engineering Private Limited' at Hyderabad, Telangana, as a private limited company under the Companies Act, 1956, pursuant to the certificate of incorporation dated September 14, 1983, issued by Registrar of Companies, Andhra Pradesh at Hyderabad. Subsequently, the name of our Company was changed to 'Azad Engineering Limited' pursuant to the conversion of our Company from a private limited company to a public limited company and a fresh certificate of incorporation dated September 5, 2023, was issued by the Registrar of Companies, Telangana at Hyderabad ("**RoC**"). For further details of our Company, see "General Information" and "Organizational Structure" on pages 302 and 242, respectively.*

Issue of up to [●] equity shares of face value of ₹2 each (the "**Equity Shares**") at a price of ₹[●] per Equity Share, including a premium of ₹[●] per Equity Share (the "**Issue Price**"), aggregating up to ₹[●] million (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 31.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER, EACH AS AMENDED

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited ("**NSE**") and the BSE Limited ("**BSE**", and together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on February 24, 2025, was ₹1,316.95 and ₹1,317.10 per Equity Share, respectively. Our Company has received in-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue from BSE and NSE each dated February 25, 2025. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

The information on the website of our Company or any website directly or indirectly linked to the website of our Company or the websites of the Book Running Lead Managers (as defined hereinafter) and their respective affiliates, does not constitute or form part of this Preliminary Placement Document, and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereafter) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, within the stipulated period as prescribed under the Companies Act and the PAS Rules, each as amended. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND ONLY ELIGIBLE QIBS ARE ELIGIBLE TO INVEST IN THIS ISSUE. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 40, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document with the Application Form and the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). This Preliminary Placement Document and the Placement Document relate to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made to the public or any other class of investors. For further details, see "*Issue Procedure*" on page 258. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**"), or any other applicable state securities laws of the United States and, unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. See "*Selling Restrictions*" on page 273 for information about eligible offerees for the Issue and "*Purchaser Representations and Transfer Restrictions*" on page 281 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Preliminary Placement Document is dated February 25, 2025.

BOOK RUNNING LEAD MANAGERS		
ICICI Securities Limited	**Goldman Sachs (India) Securities Private Limited**	**SBI Capital Markets Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company, our Subsidiaries nor the Book Running Lead Managers has any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. ICICI Securities Limited, Goldman Sachs (India) Securities Private Limited and SBI Capital Markets Limited (together, the "**Book Running Lead Managers**" or the "**BRLMs**") have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLMs and/or any of its respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares or distribution of this Preliminary Placement Document. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the BRLMs or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the BRLMs. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares offered in this Issue are being offered and sold only outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the BRLMs or their respective representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by the securities authority or any other regulatory authority of any jurisdiction, including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in certain jurisdictions.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares offered in the Issue may be restricted in certain countries or jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute and may not be used for or in connection with, an offer or solicitation by anyone in any country or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for in India, no action has been taken by our Company and the BRLMs that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, where action for that purpose is required. The Equity Shares offered in the Issue, may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material issued in connection with the Issue may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For a description of the restrictions applicable to the offer and sale of the Equity Shares offered in the Issue in certain other jurisdictions, see "*Selling Restrictions*" beginning on page 273. Further, see "*Purchaser Representations and Transfer Restrictions*" beginning on page 281 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company and the BRLMs are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each Bidder, investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Preliminary Placement Document does not purport to contain all the information that any Eligible QIB may require. Further, this Preliminary Placement Document has been prepared for information purposes to this Issue only and upon the express understanding that it will be used for the purposes set forth herein.

Neither our Company nor the Book Running Lead Managers undertake to update the Placement Document to reflect subsequent events after the date of the Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with our Company. Neither the delivery of this Preliminary Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof.

Neither our Company nor the BRLMs are liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website, viz., www.azad.in, any other website directly or indirectly linked to the website of our Company or on the website of the BRLMs or any of their respective affiliates or agents, other than this Preliminary Placement Document, does not and shall not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 273 and 281, respectively and have represented, warranted and acknowledged to and agreed to our Company and the BRLMs, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or its Subsidiaries, which is not set forth in this Preliminary Placement Document;

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise in relation to accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document, you have a valid and existing registration with SEBI under the applicable laws in India, and can participate in the Issue only under Schedule II of the FEMA Rules, or (ii) a multilateral or bilateral development financial institution. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets. Additionally, you are aware that, in terms of the SEBI FPI Regulations, you are not permitted to acquire 10.00% or more of the post-Issue Equity Share capital of our Company;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI and its investor group in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares, pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges. Further, additional restrictions apply if you are within the United States and certain other jurisdictions. For further details in this regard, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively;

- You represent that you are not an affiliate of our Company or the BRLMs or a person acting on behalf of such affiliate;

- You are aware that this Preliminary Placement Document and the Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy and Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You are aware that, our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLMs. The BRLMs or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company, the Equity Shares or the Issue (the "**Company Presentations**"); or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and is therefore, unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or information including price sensitive information that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information relating to us, which is not set forth in this Preliminary Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategies, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You acknowledge that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. You acknowledge that such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which we will operate in the future. You agree not to place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. You acknowledge that neither our Company nor the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of the same shall be at the discretion of our Company, in consultation with the BRLMs;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 40;

- In making your investment decision, you have (i) relied on your own examination of our Company, our Subsidiaries and the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of our Company, our Subsidiaries and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, our Subsidiaries and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are an investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. You are a sophisticated investor and have such knowledge and experience in financial, business and

investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoter, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoter', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related to our Promoter;

- You have no rights under a shareholders' agreement or voting agreement entered into with our Promoter or members of the Promoter Group or persons related to the Promoter, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid/Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLMs has entered into a Placement Agreement with our Company whereby the BRLMs has, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the BRLMs nor any person acting on their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of the BRLMs or our Company or any other person, and the BRLMs or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the BRLMs and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non- performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 273 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 273;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 281 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 281;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws;

- You are outside the United States, and you are subscribing for the Equity Shares in an "*offshore transaction*" as defined in and in reliance on Regulation S, and are not our Company's or the BRLMs' affiliate or a person acting on behalf of such an affiliate.

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S of the U.S. Securities Act) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act.

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Hyderabad, India shall have exclusive jurisdiction to settle any

disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLMs and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the BRLMs;

- You represent that you are not an affiliate of our Company or the BRLMs or a person acting on behalf of such affiliate. However, affiliates of the BRLMs, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, see "*Offshore Derivative Instruments*" on page 11;

- Our Company, the BRLMs, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLMs; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations and the SEBI circular dated November 5, 2019 on operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), an Eligible FPI including the affiliates of the BRLMs, who are registered as Category I FPIs can issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, the investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control,) is not permitted to be 10.00% or more of our post- Issue Equity Share capital on a fully diluted basis. SEBI has issued the FPI Operational Guidelines, to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments position held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the BRLMs and do not constitute any obligations of or claims on the BRLMs.

Bidders interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Bidders are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

Also see "Selling Restrictions" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Subsidiaries, our Promoter, our management or any scheme or project of our Company.

It should not, for any reason, be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/ acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'Company', and the 'Issuer', are to Azad Engineering Limited on a standalone basis and references to 'we', 'us' or 'our' are to our Company together with our Subsidiaries, on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Preliminary Placement Document are to the page numbers of this Preliminary Placement Document.

All the numbers in this Preliminary Placement Document have been presented in ₹ million, unless stated otherwise. The amounts derived from financial statements included herein are presented in ₹ million. Financial statements are presented in ₹ million. One million represents 1,000,000.

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to two decimal places. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable, except the exchange conversion rates provided by our bankers which have been rounded off to four decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Financial Data and Other Information

Our Company publishes its Financial Statements in Indian Rupees. The fiscal year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "Fiscal" or "Fiscal Year" or "FY", refer to the 12-month period ending, or as of March 31 of that year (as the case may be) and references to a particular 'year' are to the calendar year ending on December 31 of that year.

As required under the applicable regulations, and for the convenience of prospective investors, we have included in this Preliminary Placement Document:

(i) the unaudited consolidated financial results of our Group for the quarter and nine months period ended December 31, 2024 ("**Unaudited Consolidated December 2024 Financial Results**") in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ("**Ind AS 34**"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI Listing Regulations;

(ii) the unaudited consolidated financial results of our Group for the quarter and nine months period ended December 31, 2023 ("**Unaudited Consolidated December 2023 Financial Results**") in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI Listing Regulations; and

(iii) the unaudited consolidated financial results of our Group for the quarter and six months period ended September 30, 2024 ("**Unaudited Consolidated September 2024 Financial Results**") in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013,

and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI Listing Regulations;

(iv) the audited consolidated financial statements of our Group for the fiscal years ended March 31, 2024 and March 31, 2023 prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**2024/2023 Audited Consolidated Financial Statements**") and reports thereon;

(v) the special purpose audited consolidated financial statements of our Group for the fiscal year ended March 31, 2022 prepared in accordance with the Ind AS notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (the "**2022 Special Purpose Audited Consolidated Financial Statements**") and report thereon read together with the joint consent letter dated February 24, 2025 from our Statutory Auditors, M S K A & Associates, Chartered Accountants and Laxminiwas & Co, Chartered Accountants, the previous auditor, permitting the inclusion of the joint audit report dated September 22, 2023 on the 2022 Special Purpose Audited Consolidated Financial Statements in the Preliminary Placement Document; and

(vi) the audited consolidated financial statements of our Group for the fiscal year ended March 31, 2022 prepared in accordance prepared in accordance with the Accounting Standards, as prescribed under Section 133 of the Companies Act read with Companies (Accounting Standards) Rules 2014, as amended (referred to as "**Indian GAAP**") and other accounting principles generally accepted in India (the "**2022 Indian GAAP Audited Consolidated Financial Statements**") and report thereon.

The Unaudited Consolidated December 2024 Financial Results, Unaudited Consolidated December 2023 Financial Results and Unaudited Consolidated September 2024 Financial Results are collectively referred to as "**Unaudited Consolidated Financial Results**". The 2024 / 2023 Audited Consolidated Financial Statements and 2022 Special Purpose Audited Consolidated Financial Statements are collectively referred to as the "**Audited Consolidated Financial Statements".**

The Unaudited Consolidated Financial Results and Audited Consolidated Financial Statements should be read along with the respective audit and limited review reports, as applicable.

The consolidated financial statements for Fiscal 2023 and Fiscal 2024 have been audited by our Statutory Auditors, M S K A & Associates, Chartered Accountants, on which they have issued audit reports dated May 21, 2024 and September 22, 2023, respectively. Further, the special purpose consolidated financial statements for Fiscal 2022 have been jointly audited by our Statutory Auditors, M S K A & Associates, Chartered Accountants and Laxminiwas & Co, Chartered Accountants, the previous auditor pursuant to which they have issued a joint audit report dated September 22, 2023 read together with the joint consent letter dated February 24, 2025 permitting the inclusion of the joint audit report dated September 22, 2023 on the special purpose consolidated financial statements for Fiscal 2022 in the Preliminary Placement Document. The 2022 Indian GAAP audited consolidated financial statements for Fiscal 2022 have been jointly audited by our Statutory Auditors, M S K A & Associates, Chartered Accountants and Laxminiwas & Co, Chartered Accountants, the previous auditor pursuant to which they have issued a joint audit report dated December 29, 2022.

The Unaudited Consolidated December 2024 Financial Results have been reviewed by our Statutory Auditors, M S K A & Associates, Chartered Accountants, on which they have issued a limited review report dated February 4, 2025, the Unaudited Consolidated December 2023 Financial Results have been reviewed by our Statutory Auditors, M S K A & Associates, Chartered Accountants, on which they have issued limited review report dated February 6, 2024 and the Unaudited Consolidated September 2024 Financial Results have been reviewed by our Statutory Auditors, M S K A & Associates, Chartered Accountants, on which they have issued limited review report dated November 11, 2024.

Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and U.S. GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Preliminary Placement Document, for example, gross profit, gross profit margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted profit for the year/period, adjusted profit margin, interest coverage ratio, return on capital employed and adjusted return on capital employed in "*Our Business*" on page 96. These Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities and are not required by or presented in accordance with Indian GAAP or Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Statements*" on page 95.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory/ government publications and websites, more particularly described in "*Industry Overview*" on page 158.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled "*EY Report on Assessment of the components of Energy turbine, oil drilling, Aerospace & defence industry*" dated February 21, 2025 (the "EY Report"), which is a report exclusively commissioned and paid for by our Company and prepared by EY LLP pursuant to engagement letter dated February 3, 2025, in connection with the Issue. Our Company confirms, on behalf of itself and our Promoter, our Directors, or our Key Managerial Personnel and Senior Management, that EY LLP is not related in any manner to our Company, our Promoter, our Directors, or Key Managerial Personnel or Senior Management, our Subsidiaries or the BRLMs.

While we have made diligent efforts to reproduce the information from the EY Report, it is important to note that neither we nor the BRLMs have independently verified this market and industry data. Our reliance on internally developed estimates is due to the lack of readily available external information from trade or industry associations, government bodies, or other organizations. While we believe our internal estimates to be reasonable, they have not been validated by independent sources. As such, neither we nor the Book Running Lead Managers can provide absolute assurance regarding their accuracy.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by EY exclusively commissioned and paid for by us for such purpose"* on page 67.

Further, the calculation of certain statistical and/ or financial information/ ratios specified in the sections titled "*Our Business*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the EY Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Book Running Lead Managers can assure potential investors as to their accuracy.

The EY Report is subject to the following disclaimer:

"EY Report was prepared by EY LLP for the Company based on information available in public domain and discussion with industry participants for the purpose of providing industry assessment report on the industry which the Company operates and will be used as a reference report in the "Our Industry" and other sections, as may be applicable, of the Company's Issue Documents. In preparing the EY Report we did not, and could not, take into account any specific requirements that any third party may have. Therefore, to the extent that such requirements differ from your specific requirements, please note that they were not required to be dealt with in the EY Report. The EY Report includes judgmental estimates and assumptions, about circumstances and events. Accordingly, we cannot provide any assurance that the projected market estimates will be attained in this ever-changing dynamic market environment.

EY LLP has taken due care and caution in preparing this "EY Report" based on the information obtained by EY LLP from sources which it considers reliable ("Data"). EY has relied on Company representation for all data provided by the Company, and used by EY for the purpose of Industry section in PPD and PD. This EY Report is not a recommendation to

invest / disinvest in any entity/industry covered in the EY Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the EY Report is to be construed as EY providing or intending to provide any services in jurisdictions where EY does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the EY Report or part thereof outside India."

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'seek', 'shall', 'should', 'will', 'would', 'will likely result', 'is likely', 'are likely', 'believe', 'expect', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward- looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Our business is dependent on the sale of our products to key customers;
- We are highly dependent on our Hyderabad, Telangana, facilities for the entire portion of our revenue from operations;
- Any failure to compete effectively in the highly competitive global industry of high precision and mission critical components manufacturing;
- Our contracts/ purchase orders may not be indicative of our future growth rate or new business orders we will receive in the future;
- We are unable to accurately forecast demand for our products and plan production schedules in advance;
- We depend on third party suppliers for raw materials and components, which are on a purchase order basis;
- The global nature of our operations exposes us to numerous risks;
- The markets in which our customers compete are characterized by sectors specific to the industries which we cater to, and their rapidly changing preferences and other related factors including lower manufacturing costs;
- There may be problems with the products we manufacture or service that could result in liability claims against us, reduced demand for our services and damage to our reputation; and
- We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, suspension of further drawdowns, which may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 40, 130, 158 and 96, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward- looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the BRLMs or any of their affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company and our Subsidiaries could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. Except as disclosed in the section entitled "*Board of Directors and Senior Management"* on page 243, all of our Directors, Key Managerial Personnel and Senior Management named herein are residents of India and the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A, respectively, of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, United Arab Emirates and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court will enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the BRLMs cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US $), for the years/ periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts, could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

1. USD

(₹ per US$)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended*				
March 31, 2024	83.37	82.79	83.40	81.65
March 31, 2023	82.22	80.39	83.20	75.39
March 31, 2022	75.81	74.51	76.92	72.48
Months ended*				
January 31, 2025	86.64	86.27	86.64	85.71
December 31, 2024	85.62	84.99	85.62	84.66
November 30, 2024	84.50	84.36	84.50	84.11
October 31, 2024	84.09	84.03	84.09	83.81
September 30, 2024	83.79	83.81	83.98	83.49
August 31, 2024	83.87	83.90	83.97	83.73

Source: www.rbi.org.in and www.fbil.org.in

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;

(2) Represents the average of the official rate for each working day of the relevant period;

(3) Maximum of the official rate for each working day of the relevant period; and

(4) Minimum of the official rate for each working day of the relevant period.

Notes:

**In the event that the RBI/FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI/ FBIL reference rates are rounded off to two decimal places.*

2. EUR

(₹ per EUR)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended*				
March 31, 2024	90.22	89.80	92.45	87.07
March 31, 2023	89.61	83.76	90.26	78.34
March 31, 2022	84.66	86.56	90.51	83.48
Months ended*				
January 31, 2025	90.01	89.30	90.40	88.11
December 31, 2024	89.09	89.03	89.66	88.17
November 30, 2024	89.36	89.63	91.66	88.32
October 31, 2024	91.25	91.57	93.31	90.70
September 30, 2024	93.53	93.07	92.41	92.55
August 31, 2024	92.91	92.41	93.77	90.47

Source: www.rbi.org.in and www.fbil.org.in

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;

(2) Represents the average of the official rate for each working day of the relevant period;

(3) Maximum of the official rate for each working day of the relevant period; and

(4) Minimum of the official rate for each working day of the relevant period.

Notes:

**In the event that the RBI/FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI/ FBIL reference rates are rounded off to two decimal places.*

3. JPY

(₹ per 100 JPY)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended*				
March 31, 2024	55.09	57.36	62.49	54.83

	Period end[1]	Average[2]	High[3]	Low[4]
March 31, 2023	61.80	59.36	63.94	55.09
March 31, 2022	62.23	66.32	69.43	61.57
Months ended*				
January 31, 2025	55.96	55.09	55.99	54.23
December 31, 2024	54.82	55.36	56.58	54.10
November 30, 2024	56.31	54.94	56.31	54.15
October 31, 2024	55.03	56.09	58.04	54.83
September 30, 2024	59.11	58.58	59.11	57.35
August 31, 2024	57.86	57.39	58.82	55.87

Source: www.rbi.org.in and www.fbil.org.in

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;

(2) Represents the average of the official rate for each working day of the relevant period;

(3) Maximum of the official rate for each working day of the relevant period; and

(4) Minimum of the official rate for each working day of the relevant period.

Notes:

**In the event that the RBI/FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI/ FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections on pages 290, 158, 95 and 295, respectively

General terms

Term	Description
"Issuer", or "our Company" or "the Company"	Azad Engineering Limited, a company incorporated under the Companies Act, 1956, having its registered and corporate office at 90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500 055, Telangana, India
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, our Company together with our Subsidiaries and the Erstwhile Subsidiaries of our Company, on a consolidated basis

Company Related Terms

Term	Description
2022 Indian GAAP Audited Consolidated Financial Statements	the audited consolidated financial statements of our Group for the fiscal year ended March 31, 2022 prepared in accordance with the Indian GAAP and other accounting principles generally accepted in India and the report thereon.
2022 Special Purpose Audited Consolidated Financial Statements	the special purpose audited consolidated financial statements of our Group for the fiscal year ended March 31, 2022 prepared in accordance with the Ind AS notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act and report thereon
2024/2023 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Group for the fiscal years ended March 31, 2024 and March 31, 2023 prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act and reports thereon.
"Articles" or "Articles of Association" or "AoA"	Articles of Association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board, constituted in accordance with the Companies Act, SEBI Listing Regulations, and as disclosed in "*Board of Directors and Senior Management*", beginning on page 243
Audited Consolidated Financial Statements	The audited consolidated financial statements of the Group as at, and for the financial years ended March 31, 2024 and March 31, 2023 and the special purpose audited consolidated financial statements of the Group as at and for the financial year ended March 31, 2022, each prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Companies Act, including the notes thereto, and which have been approved by our Board on May 21, 2024, September 22, 2023 read along with the joint consent letter dated February 24, 2025 issued by our Statutory Auditors, M S K A & Associates, Chartered Accountants and Laxminiwas & Co, Chartered Accountants, the previous auditor, permitting the inclusion of the joint audit report dated September 22, 2023 on the special purpose consolidated financial statements for Fiscal 2022 in the Preliminary Placement Document, respectively
"Board of Directors" or "Board" or "our Board"	The board of directors of our Company, including any duly constituted committee thereof as disclosed in the "*Board of Directors and Senior Management"* on page 243
Chairman and CEO	The chairman of the Board of our Company and chief executive officer of our Company, namely, Rakesh Chopdar
"Chief Financial Officer" or CFO	The chief financial officer of our Company, namely, Ronak Jajoo
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely Ful Kumar Gautam
"Corporate Social Responsibility	The corporate social responsibility committee of our Board, as disclosed in "*Board of Directors*

Term	Description
Committee" or "CSR Committee"	*and Senior Management*", beginning on page 243
Director(s)	Director(s) on the Board of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 243
DMI CCD	Compulsorily convertible debentures of our Company bearing face value of ₹0.10 million each issued to DMI Finance Private Limited
Equity Share(s)	The Equity Shares of our Company, having a face value of ₹2 each
"Erstwhile Subsidiary" or "Erstwhile Subsidiaries"	Erstwhile subsidiaries of our Company, namely, Agen Metcast Private Limited, Swastik Coaters Private Limited, Rouland Chemical Private Limited and Azad Engineering Pte. Limited
ESOP 2024	The Azad ESOP Scheme 2024 approved pursuant to the Shareholders' resolution dated January 28, 2025
Executive Director(s)	The Executive Director(s) as per the Companies Act and the SEBI Listing Regulations, who are currently on the Board of our Company, as disclosed in "*Board of Directors and Senior Management*", beginning on page 243
Financial Statements	Collectively, Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results
"Independent Director(s)" or "Non-Executive Independent Director(s)"	A non-executive independent Director as per the Companies Act and the SEBI Listing Regulations, who is currently on the Board of our Company, as disclosed in "*Board of Directors and Senior Management*" beginning on page 243
"Key Managerial Personnel" or "KMP"	Key Managerial Personnel of our Company identified in terms of Regulation 2(bb) of the SEBI ICDR Regulations and as disclosed in "*Board of Directors and Senior Management*" beginning on page 243
Managing Director	The managing director of our Company, namely, Murali Krishna Bhupatiraju
"Memorandum" or "Memorandum of Association"	Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, constituted in accordance with the Companies Act, SEBI Listing Regulations, and as disclosed in "*Board of Directors and Senior Management*", beginning on page 243
Promoter	The Promoter of our Company in terms of the SEBI ICDR Regulations and the Companies Act, namely, Rakesh Chopdar
Promoter Group	Includes such persons and entities constituting the promoter group of our Company as determined in accordance with the Regulation 2(1)(pp) of the SEBI ICDR Regulations
PSCOF CCD	Compulsorily convertible debentures bearing face value of ₹1.00 million each issued to Piramal Structured Credit Opportunities Fund
Registered and Corporate Office	90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500 055, Telangana, India
Risk Management Committee	The risk management committee of our Board, constituted in accordance with the Companies Act, SEBI Listing Regulations, and as disclosed in "*Board of Directors and Senior Management*", beginning on page 243
"RoC" or "Registrar of Companies"	Registrar of Companies, Telangana at Hyderabad
"Senior Management" or "SMP"	Senior management of our Company as determined in accordance with the Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Board of Directors and Senior Management*", beginning on page 243
Shareholder(s)	The holder(s) of Equity Shares of our Company from time to time, unless otherwise specified in the context thereof
Stakeholders Relationship Committee	The stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 243
Statutory Auditors/ Auditors	M S K A & Associates, Chartered Accountants
Subsidiaries	Azad Prime Private Limited and Azad VTC Private Limited
Unaudited Consolidated September 2024 Financial Results	The unaudited consolidated financial results of our Group for the quarter and six months period ended September 30, 2024 in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI Listing Regulations
Unaudited Consolidated December 2023 Financial Results	The unaudited consolidated financial results of our Group for the quarter and nine months period ended December 31, 2023 in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI Listing Regulations
Unaudited Consolidated December 2024 Financial Results	The unaudited consolidated financial results of our Group for the quarter and nine months period ended December 31, 2024 in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33

Term	Description
	of the SEBI Listing Regulations
Unaudited Consolidated Financial Results	The unaudited consolidated financial results of the Group for the nine months period ended December 31, 2024 and December 31, 2023 and unaudited consolidated financial results for the quarter and six months ended September 30, 2024, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI Listing Regulations
Whole-time Directors	Whole-time directors of our Board. For details, see "*Board of Directors and Senior Management*" beginning on page 243

Issue related terms

Term	Description
"Allocated" or "Allocation"	Allocation of Equity Shares by our Company, in consultation with the BRLMs, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the BRLMs and in compliance with Chapter VI of the SEBI ICDR Regulations
"Allot" or "Allotment" or "Allotted"	Unless, the context otherwise requires, allotment of Equity Shares to be issued pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares of our Company are issued pursuant to the Issue
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue
Application Form	Form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Bid/ Issue Period
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares, pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid/Issue Closing Date	The date after which our Company (or BRLMs on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount, being [●]
Bid/Issue Opening Date	The date on which our Company (or the BRLMs on behalf of our Company) shall commence acceptance of the Application Forms, being February 25, 2025
Bid/Issue Period	Period between the Bid/ Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Bidder(s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
"Book Running Lead Manager(s)" or "BRLM(s)"	Collectively ICICI Securities Limited, Goldman Sachs (India) Securities Private Limited and SBI Capital Markets Limited
"CAN" or "Confirmation of Allocation Note"	Note, advice or intimation confirming the Allocation of Equity Shares to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about [●]
Designated Date	The date of credit of Equity Shares to the Allottees' demat accounts pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPI(s)	FPIs under FEMA, the SEBI FPI Regulations and any other applicable law that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIB(s)	A Qualified Institutional Buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules. However, FVCIs are not permitted to participate in the Issue and accordingly, are not Eligible QIBs. For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 258, 273 and 281, respectively.
Escrow Account	Non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened in the name and style ' Azad Engineering Limited QIP Escrow Account ' with respect to the Equity Shares, with the Escrow Agent, in accordance with the terms of the Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted to unsuccessful bidder, as set out in the Application Form
Escrow Agreement	Agreement dated February 25, 2025 entered into by and amongst our Company, the Escrow Bank

Term	Description
	and the BRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	ICICI Bank Limited
EY	Ernst & Young Global Limited
EY LLP	EY Parthenon LLP
EY Report	Report titled "*EY Report on Assessment of the components of Energy turbine, oil drilling, Aerospace & defence industry*" dated February 21, 2025, issued by EY LLP and which has been commissioned and paid for by our Company, exclusively in connection with the Issue
Floor Price	The floor price of ₹1,303.08 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders of our Company accorded by way of a special resolution at the extra-ordinary general meeting held on January 28, 2025 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
Gross Proceeds	The gross proceeds of the Issue, prior to deducting fees, commissions and estimated expenses of the Issue
Issue	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	₹[●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹[●] million.
Monitoring Agency	CARE Ratings Limited, being a credit rating agency registered with SEBI, appointed by our Company in accordance with the provisions of the SEBI ICDR Regulations
Monitoring Agency Agreement	Agreement dated February 25, 2025 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilization of the proceeds of the Issue
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, being ₹[●] million
Placement Agreement	Agreement dated February 25, 2025 entered into by and amongst our Company and the BRLMs
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
Preliminary Placement Document	This preliminary placement document along with the Application Form dated February 25, 2025 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, other applicable provisions of the Companies Act and rules made thereunder
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	February 25, 2025, which is the date of the meeting of the Securities Issue Committee, a committee duly authorised by our Board, deciding to open the Issue
Securities Issue Committee	The Securities Issue Committee of the Board of Directors of our Company
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are Allocated Equity Shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, Maharashtra, India

Business and industry related terms

Term	Description
APUs	Auxiliary power units
CNC	Computer numerical control
CTQ	Critical to quality
EJ	Exajoules
EMS	Environmental management system

Term	Description
ERP	Enterprise resource planning
ESG	Environmental, social and governance
ETF	End two flange
FAI	First article inspection
GW	Gigawatt
ISMS	Information security management system
ITF	Interior two flange
MSA	Measurement system analysis
NADCAP	National Aerospace and Defence Contractors Accreditation Program
OEMs	Original equipment manufacturers
OHSAS	Occupational health and safety assessment series
PPAP	Production part approval process
RFP	Request for proposal
RFQ	Request for quote
RPK	Revenue passenger kilometer

Conventional and general terms/ abbreviations

Term	Description
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AY	Assessment year
BSE	BSE Limited
"Calendar Year" or "CY"	Period of 12 months commencing from January 1 and ending on December 31
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
"Companies Act" or "Companies Act, 2013"	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
CrPC	Code Of Criminal Procedure, 1973, as amended
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant	A Depository Participant as defined under the Depositories Act
DIN	Director Identification Number
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (formerly called the Department of Industrial Policy and Promotion) bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
"Financial year" or "Fiscal Year" or "FY" or "Fiscal"	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
FIR	First information report
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
FVCI	Foreign Venture Capital Investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally Accepted Accounting Principles
"GoI" or "Government"	Government of India, unless otherwise specified
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Income Tax Act	Income-tax Act, 1961
Ind AS	Indian accounting standards as notified by the MCA pursuant to Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
IPC	Indian Penal Code, 1860

Term	Description
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
"NRI" or "Non-Resident Indian"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a	Per Annum
PAN	Permanent account number
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
"Rs." or "Rupees" or "INR" or "₹"	Indian Rupees, the legal currency of the Republic of India
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SENSEX	Sensitive Index
"Stock Exchanges" or "Indian Stock Exchanges"	Collectively, BSE and NSE
STT	Securities Transaction Tax
"U.S.$" or "U.S. dollar" or "USD" or "$"	United States Dollar, the legal currency of the United States
"USA" or "U.S." or "United States"	United States of America
U. S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933
VCF	Venture Capital Fund

SUMMARY OF BUSINESS

We are one of the key manufacturers of qualified product lines supplying to global original equipment manufacturers ("**OEMs**") in the energy, aerospace and defence, and oil and gas industries, manufacturing highly engineered, complex and mission and life-critical components (*Source: EY Report*). We manufacture complex and highly engineered precision forged and machined components that are mission and life-critical and hence, some of our products have a "zero parts per million" defects requirement (*Source: EY Report*). Our customers include global OEMs across the energy, aerospace and defence, and oil and gas industries. Our components have been supplied to countries such as USA, China, Europe, Middle East, and Japan since our inception (*Source*: *EY Report*). Accordingly, we are a key link in the global supply chain for OEMs (*Source: EY Report*). Our vision is to revolutionize the global precision manufacturing industry and disrupt the industries in which we operate in with cutting-edge technology while contributing towards India's evolving manufacturing ecosystem. Our products include 3D rotating airfoil/ blade portions of turbine engines and other critical components for (a) gas, nuclear and thermal turbines used in industrial applications or energy generation, and (b) defence and civil aircrafts and spaceships. The demand for such precision, forged and machined components is driven by requirements relating to energy turbines (industrial, gas, nuclear and coal), aircrafts (commercial and military), amongst others (*Source: EY Report*). Airfoils/ blades are one of the most critical 3D rotating and stationary parts of a turbine in the compression section. To sustain the high pressure, airfoils/ blades are made up of exotic/ super alloys and manufactured with a unique process designed by our Company.

In the energy industry, our Company produces high-precision rotating and stationary 3D airfoils/ blades, special machined parts and combustion component assemblies for land-based turbines with applications in industrial and energy plants using different fuel types such as nuclear, hydrogen, natural gas and thermal. Our Company's aerospace and defence products include airfoils/ blades and components for engines, auxiliary power units ("**APUs**"), hydraulics, actuating systems, flight controls, fuel and inerting sections of commercial and defence aircrafts and spacecrafts, among other defence systems and various critical components for missiles. We have supplied critical components to major commercial aircraft manufacturers such as B737, B737 Max, B747, B777, B777X, A320, A350, A355, A350 XWB, Gulfstream G550 (*Source: EY Report*). For the oil and gas industry, we manufacture components of drilling rigs such as drill bits and other critical components that are used in drilling equipment and are part of exploration and production phase.

We have in-house capabilities and proficiency in engineering, design, tooling, material development coupled with a range of finishing and assembly operations focussed on continuous improvements to our manufacturing and quality processes. We believe our process design capabilities and several years of experience of manufacturing life and mission critical portions of turbine engines enable us to develop high quality and cost-effective solutions for the demanding applications of global OEMs, which differentiates us from our global competitors. We are a technology-driven and innovative company with manufacturing facilities and high-quality products meeting global standards.

The components manufactured by us are critical for the functioning of, *inter alia*, energy applications (nuclear, gas, oil and thermal) and worldwide air travel (military and civil). Considering that we manufacture life-critical and mission-critical components, the margin for error is zero in our manufacturing process for some of our components, which we adhere to by way of our strong quality control systems. Airfoils/ blades and other products are designed to operate at extreme conditions and require a multi-level safety protocol as such engine products are life critical. Considering that the costs are very high in the energy and aerospace and defence industries given the stringent quality checks and certifications that are required to qualify as a supplier, there are significant entry barriers, which makes finding a manufacturing partner a lengthy process of many years for OEMs (*Source: EY Report*). We believe that it would ideally take 15-20 years for a new player in our industry to reach the position we currently occupy in the market.

We have five advanced manufacturing facilities in Hyderabad, Telangana, India, capable of producing high precision forged and machined components. We have a diversified Board, which is supplemented by our strong professional management team, with relevant experience in the engineering and manufacturing industries. Our Promoter i.e., Rakesh Chopdar has helped expand our operations within India and globally and has been associated with our Company as a director since 2003. We believe our qualified and committed management team also empowers us to seize market prospects, originate and implement business plans, manage customer prospects, and evolve to changing market conditions.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock – up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 40, 81, 271, 258 and 287, respectively.

Issuer	Azad Engineering Limited
Face value	₹2 per Equity Share
Issue Price	₹[●] per Equity Share (including a premium of ₹[●] per Equity Share)
Floor Price	₹1,303.08 per Equity Share calculated on the basis of Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price However, our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders of our Company accorded by way of a special resolution at the extra-ordinary general meeting held on January 28, 2025 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹[●] million A minimum of 10.00% of the Issue Size, i.e., up to [●] Equity Shares shall be available for Allocation to Mutual Funds only and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs
Date of Board resolution approving the Issue	January 3, 2025
Date of Shareholders' resolution approving the Issue	January 28, 2025
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue. FVCIs are not permitted to participate in the Issue. For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 258, 273 and 281, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered shall be determined by our Company in consultation with the BRLMs
Equity Shares issued and outstanding immediately prior to the Issue	59,112,993 Equity Shares of face value of ₹2 each, being fully paid-up Equity Shares
Subscribed and paid-up Equity Share Capital prior to the Issue	₹118,225,986
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares of face value of ₹2 each
Issue procedure	The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act read with Rule 14 of the PAS Rules and all other applicable provisions of the Companies Act, read with Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" beginning on page 258
Listing and trading	Our Company has obtained in-principle approvals each dated February 25, 2025 from BSE and NSE in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares to be issued pursuant to the Issue

	The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges	
Lock-up	For details of the lock-up, see "*Placement and Lock – up*" on page 271 for a description of restrictions on our Company and Promoter in relation to Equity Shares	
Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 303 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company	
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognized stock exchange. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. For details in relation to other transfer restrictions, see "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 258, 273, and 281, respectively.	
Use of proceeds	The Gross Proceeds from the Issue will be aggregating to approximately ₹[●] million. Subject to compliance with the applicable law, the Net Proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹ [●] million, are expected to be approximately ₹[●] million, which is proposed to be utilized for (i) Funding and part-funding capital expenditure of our Company; and (ii) general corporate purposes. See "*Use of Proceeds*" on page 81 for information regarding the use of net proceeds from the Issue	
Risk factors	See "*Risk Factors*" on page 40 for a discussion of risks you should consider before investing in the Equity Shares	
Taxation	See "*Taxation*" on page 290	
Closing Date	The Allotment of the Equity Shares, expected to be made on or about [●]	
Status, Ranking and Dividend	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares, including rights in respect of dividends. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. For further details see "*Dividends*" and "*Description of the Equity Shares*" on pages 94 and 287, respectively	
Voting rights	Please refer to the section titled *"Description of the Equity Shares – Voting rights"* on page 288.	
Security codes for the Equity Shares	ISIN	INE02IJ01035
	BSE Code	544061
	NSE Symbol	AZAD

SELECTED FINANCIAL INFORMATION OF OUR COMPANY

The following selected financial information is extracted from and should be read in conjunction with the Financial Statements included elsewhere in this Preliminary Placement Document. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 130 and 95, respectively, for further details.

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SUMMARY OF UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2023

(All amounts are in ₹ in millions)

S.No	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2024 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)	March 31, 2024 (Audited)
	Income:						
I	Revenue from operations	1,204.84	1,115.35	892.26	3,304.28	2,479.73	3,407.71
II	Other income	50.73	15.28	184.42	72.13	292.30	319.93
III	**Total income (I+II)**	**1,255.57**	**1,130.63**	**1,076.68**	**3,376.41**	**2,772.03**	**3,727.64**
IV	**Expenses:**						
	Cost of materials consumed	329.39	255.39	183.88	753.71	473.51	667.63
	Changes in inventories of finished goods and work-in-progress	(166.32)	(96.94)	(80.54)	(278.98)	(171.18)	(207.41)
	Employee benefit expense	248.20	222.25	208.39	674.84	546.05	742.65
	Finance costs	64.15	48.71	193.71	145.68	412.31	472.65
	Depreciation and amortisation expense	74.38	67.65	52.25	202.18	150.68	205.30
	Other expenses	365.36	336.06	253.14	997.50	779.26	1,038.96
	Total expenses	**915.16**	**833.12**	**810.83**	**2,494.93**	**2,190.63**	**2,919.78**
V	**Profit before tax for the period/year (III-IV)**	**340.41**	**297.51**	**265.85**	**881.48**	**581.40**	**807.86**
VI	**Tax expenses**						
	Current tax	118.55	82.64	49.34	267.85	104.54	146.21
	Deferred tax	(15.34)	6.05	48.46	(3.62)	40.51	75.85
	Total tax expense	**103.21**	**88.69**	**97.80**	**264.23**	**145.05**	**222.06**
VII	**Profit for the period/year (V-VI)**	**237.20**	**208.82**	**168.05**	**617.25**	**436.35**	**585.80**
	Attributable to						
	Shareholders of the Company	239.20	210.09	168.05	620.52	436.35	585.80
	Non controlling Interest	(2.00)	(1.27)	-	(3.27)	-	-
VIII	**Other comprehensive income/(loss) (net of taxes)**						
	Remeasurement gains / (losses) on defined benefit plans	(0.17)	(6.08)	3.47	(4.60)	(0.70)	(3.58)
	Tax relating to above items	0.05	1.77	(0.59)	1.34	0.20	1.04
	Total other comprehensive income/(loss) for the period/year	**(0.12)**	**(4.31)**	2.88	**(3.26)**	**(0.50)**	**(2.54)**
IX	**Total comprehensive income for the period/year (VII+VIII)**	**237.08**	**204.51**	**170.93**	**613.99**	**435.85**	**583.26**
	Attributable to						
	Shareholders of the Company	239.08	205.78	170.93	617.26	435.85	583.26
	Non controlling Interest	(2.00)	(1.27)	-	(3.27)	-	-
X	Paid up equity share capital (Face value Rs 2/- each fully paid up)	118.23	118.23	118.23	118.23	118.23	118.23

S.No	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2024 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)	March 31, 2024 (Audited)
XI	Reserves excluding revaluation reserve						6,332.40
XII	**Earnings per equity share (Face value Rs 2/- each fully paid up)**						
	(1) Basic (in Rs)*	4.05	3.55	3.37	10.50	8.74	11.20
	(2) Diluted (in Rs)*	4.05	3.55	3.37	10.50	8.74	11.20

** Not annualised*

SUMMARY OF AUDITED CONSOLIDATED BALANCE SHEET

(All amounts are in ₹ in millions, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2,545.41	2,166.54	1,444.01
Right of use assets	27.33	-	-
Capital work-in-progress	454.34	379.86	236.56
Financial assets			
Other financial assets	246.92	33.72	31.15
Other non-current assets	479.71	475.67	654.76
Total non-current assets	**3,753.71**	**3,055.79**	**2,366.48**
Current assets			
Inventories	1,329.63	860.63	573.75
Financial assets			
Trade receivables	1,699.53	1,186.63	746.31
Cash and cash equivalents	281.86	194.06	44.25
Bank balances other than cash and cash equivalents	307.32	333.27	132.48
Other financial assets	-	0.91	-
Other current assets	598.74	260.79	179.94
Total current assets	**4,217.08**	**2,836.29**	**1,676.73**
Total assets	**7,970.79**	**5,892.08**	**4,043.21**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	118.23	16.52	15.13
Other equity	6,332.40	2,023.36	1,184.94
Total equity	**6,450.63**	**2,039.88**	**1,200.07**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	271.13	2,208.61	1,225.53
Lease liabilities	20.05	-	-
Provisions	36.08	25.64	22.52
Deferred tax liabilities (net)	210.68	135.87	116.33
Total non-current liabilities	**537.94**	**2,370.12**	**1,364.38**
Current liabilities			
Financial liabilities			
Borrowings	100.44	797.40	746.27
Lease liabilities	2.71	-	-
Trade payables			
total outstanding dues of micro enterprises and small enterprises	208.62	191.78	32.50
total outstanding dues of creditors other than micro enterprises and small enterprises	290.92	303.23	392.95
Other financial liabilities	118.63	123.36	158.10
Provisions	4.26	2.74	10.81
Other current liabilities	228.72	38.64	53.95
Current tax liabilities (net)	27.92	24.93	84.18
Total current liabilities	**982.22**	**1,482.08**	**1,478.76**
Total liabilities	**1,520.16**	**3,852.20**	**2,843.14**
Total equity and liabilities	**7,970.79**	**5,892.08**	**4,043.21**

SUMMARY OF AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in ₹ in millions, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	3,407.71	2,516.75	1,944.67
Other income	319.93	98.46	47.96
Total Income	**3,727.64**	**2,615.21**	**1,992.63**
Expenses			
Cost of materials consumed	667.63	495.22	376.10
Changes in inventories of finished goods, work-in-progress	(207.41)	(193.71)	(168.48)
Employee benefits expense	742.65	592.69	462.71
Finance costs	472.65	523.82	136.16
Depreciation expense	205.30	165.83	133.14
Other expenses	1,038.96	899.77	651.66
Total expenses	**2,919.78**	**2,483.62**	**1,591.29**
Profit before tax for the period / year	**807.86**	**131.59**	**401.34**
Tax expenses:			
Current tax	146.21	28.16	86.68
Deferred tax	75.85	18.70	20.09
Total tax expense	**222.06**	**46.86**	**106.77**
Profit for the period/year	**585.80**	**84.73**	**294.57**
Other comprehensive income/(loss)			
A) Items that will not be reclassified to profit and loss			
Re-measurement gains/(losses) on defined benefit plans	(3.58)	2.90	(4.83)
Income tax relating to these items	1.04	(0.84)	1.41
Other comprehensive income/(loss)	**(2.54)**	**2.06**	**(3.42)**
Total comprehensive income	**583.26**	**86.79**	**291.15**
Earnings per Equity Share (face value of ₹2 each)			
Basic	11.20	1.80	6.49
Diluted	11.20	1.80	6.49

SUMMARY OF AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in ₹ in millions, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from operating activities			
Profit before tax	807.86	131.59	401.34
Adjustments for :			
Depreciation and amortisation expense	205.30	165.83	133.14
Finance costs	472.65	523.82	136.16
Loss due to fire	-	31.79	-
Gain on derecognition of financial liabilities	175.62	-	-
Net unrealized foreign exchange gain	(6.24)	(27.15)	15.04
Provision for credit impaired trade receivable	21.39	4.75	2.37
Interest income	(14.02)	(26.73)	(7.75)
Profit on sale of property plant and equipment	(42.00)	-	-
Gain on sale of investment in subsidiary	(56.03)	-	-
Liabilities no longer required written back	-	-	(24.44)
Operating profit before working capital changes	**1,564.53**	**803.90**	**655.86**
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables	(528.05)	(417.92)	(237.97)
Inventories	(469.00)	(308.27)	(230.87)
Other financial assets	(207.92)	(17.08)	(14.46)
Other Current assets	(337.04)	(80.85)	27.04
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables	4.53	49.90	76.84
Other financial liabilities	18.03	(34.74)	82.31
Provision	11.96	14.67	12.72
Other liabilities	19.68	(15.31)	(114.30)
Cash generated from / (used in) operations	**76.72**	**(5.70)**	**257.17**
Income taxes paid (net of refunds)	(146.24)	(96.39)	(47.78)
Net cash flow used in operating activities	**(69.52)**	**(102.09)**	**209.39**
B. Cash flows from investing activities			
Purchase of property, plant and equipment (including capital work in progress and capital advances)	(753.40)	(856.22)	(1,171.47)
Proceeds from sale of Property, Plant and Equipment	42.02	18.77	-
Proceeds from sale of Investments in subsidiaries	118.86	-	0.10
Deposits (placed)/matured with banks	25.95	(200.79)	21.63
Interest received	14.02	26.73	7.75
Net cash flow/(Used) from/in investing activities	**(552.55)**	**(1,011.51)**	**(1,141.99)**
C. Cash flow from financing activities			
Proceeds from issue of equity shares	2,400.00	573.46	-
Proceeds from long term borrowings	437.39	177.45	447.29
Proceeds from issuance of optionally & Compulsorily convertible debentures	-	1,600.00	600.00
Principal paid on lease liabilities	(1.68)	-	-
Interest paid on lease liabilities	(1.18)	-	-
Repayment of long term borrowings	(955.05)	(614.81)	(236.36)
Proceeds from/(repayment) of short term borrowings (net)	(696.96)	51.13	283.74
Interest paid	(472.65)	(523.82)	(135.56)
Net cash flow generated from financing activities	**709.87**	**1,263.41**	**959.11**
Net increase in cash and cash equivalents	87.80	149.81	26.51
Cash and cash equivalents at the beginning of the year	194.06	44.25	17.74
Cash and cash equivalents at end of the year	**281.86**	**194.06**	**44.25**

RELATED PARTY TRANSACTIONS

For details of the related party transactions as per the requirements under Ind AS 24, as notified under Section 133 of the Companies Act read with Ind AS rules, as amended for (i) Fiscal Year ended March 31, 2024, see *"Financial Statements - Audited Consolidated Financial Statements for Fiscal 2024 – Note 29 – Related Party Disclosures"* on page F-53; (ii) Fiscal Year ended March 31, 2023, see *"Financial Statements - Audited Consolidated Financial Statements for Fiscal 2023 – Note 30 – Related Party disclosures"* on page F-98; and (iii) Fiscal Year ended March 31, 2022, see *"Financial Statements – Special Purpose Audited Consolidated Financial Statements for Fiscal 2022 – Note 30 – Related Party Disclosures"* on page F-145.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not exhaustive and are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India and other jurisdictions we operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any or a combination of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. Each risk should be considered carefully, and the order in which the risks are presented does not reflect their relative importance or likelihood of occurrence. In order to obtain a more detailed understanding of our Company and our business, prospective investors should read this section in conjunction with "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" on pages 96,158, 130, and 295, respectively, as well as the other financial information contained in this Preliminary Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved, and should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue.

This Preliminary Placement Document contains certain forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements because of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For further information, see "Forward-Looking Statements" on page 19.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. The Audited Consolidated Financial Statements of our Company have been prepared in accordance with Ind AS. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 included herein is derived from the Audited Consolidated Financial Statements, the financial information for the nine months ended December 31, 2024 and December 31, 2023, included herein is derived from the Unaudited Consolidated December 2024 Financial Results and Unaudited Consolidated December 2023 Financial Results, respectively, and the financial information for the six months ended September 30, 2024, included herein is derived from the Unaudited Consolidated September 2024 Financial Results included in this Preliminary Placement Document. For further information, see "Financial Statements" on page 95.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "EY report on assessment of the components of energy turbine, oil drilling, aerospace & defence industry" dated February 21, 2025 (the "**EY Report**") prepared and issued by EY LLP, appointed by us on pursuant to engagement letter dated February 3, 2025 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with this Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the EY Report and included herein with respect to any particular year refers to such information for the relevant calendar/Fiscal, as applicable. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by EY exclusively commissioned and paid for by us for such purpose." on page 67.*

INTERNAL RISK FACTORS

1. Our business is dependent on the sale of our products to key customers. The loss of any of our key customers or loss of revenue from sales to our customers could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

We are dependent on certain of our key customers. The table below sets forth certain information relating to contribution by our top, top five and top 10 customers in terms our revenue from operations in the periods indicated:

Particulars	Nine months ended December 31, 2024		Fiscal					
			2024		2023		2022	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Top 1	516.45	15.63	554.38	16.27	829.56	32.96	423.85	21.80
Top 5	1804.05	54.60	1,933.26	56.73	1,588.20	63.11	1,066.07	54.82
Top 10	2291.81	69.36	2,585.75	75.88	2,007.39	79.76	1,432.12	73.64

We have long-term relationships with customers, having had an average relationship of over 10 years as on December 31, 2024, with the aforementioned customers. There is no guarantee that we will retain the business of our existing key customers or maintain the current level of business with each of these customers and we cannot assure you that we will be able to significantly reduce customer concentration in the future. Some of our customer contracts have expired and are due for renewal in the ordinary course of business. Reliance on certain key customers for significant revenue may generally involve several risks and we may have difficulty in securing comparable levels of business from other customers to offset any loss of revenue from the loss of any such key customers. Further, we may not find any other customers for the surplus or excess capacity, in which case we may be faced to incur a loss. Risks involved with reliance on key customers for significant revenue may include, but are not limited to, reduction, delay or cancellation of orders from our significant customers, failure to renew contracts with one or more of our significant customers, failure to renegotiate favourable terms with our key customers or the loss of these customers entirely, all of which would have an adverse effect on the business, results of operations, financial condition, cash flows and future prospects of our Company. Also, see " *– Our contracts/ purchase orders may not be indicative of our future growth rate or new business orders we will receive in the future. Further, we may not realize all of the revenue expected from our contracts/ purchase orders.*" on page 43.

We receive purchase orders pursuant to (a) RFQs/ RFPs, (b) LTAs/ LTCs, and (c) tenders. While we have long-term agreements with certain customers ranging from a period of five to ten years, in accordance with such long-term agreements, we may not have any recourse in the event of an unexpected delay or cancellation of such agreements. Certain of our customer contracts and purchase orders may have penalties/ damages in relation to delayed/ late delivery or delivery of defective products in accordance with such agreements/ contracts. Certain contract requires to give first preference of product delivery to favoured customers. Further, in certain contracts there is a reference to few machineries being booked for specific customers. We are also liable to our customers on procurement of raw materials from non-approved sources. We may also be required to replace a supplier if its products do not meet our customer's safety, quality or performance standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions. Further, some of our agreements/ contracts may be terminated by our customers, including without cause. We may also be required to undertake price reduction in certain cases on a year-on-year basis under some of our agreements/ contracts. Further, in certain cases, we may be required to demonstrate cost-efficiencies over time and provide reduced costs on the product under some of our agreements/ contracts. We are also bound by confidentiality obligations under our customer contracts, violation of which could result in legal actions by our customers. Non-compliance with any of the aforementioned stipulations may lead to cancellation of contracts with our customers and/or levy of penalties/damages.

If one or more of our customers were to become insolvent or otherwise unable to pay for the products supplied by us, this could have a have an impact on our business as we may not be able to recoup the unpaid production costs and materials incurred for manufacturing purposes. While we have not faced any such instances in the past three Fiscals and nine months ended December 31, 2024, any such occurrence in the future may adversely impact our business, results of operations, financial condition, cash flows and future prospects.

2. ***Any disruption, breakdown or shutdown of our facilities may adversely affect our business, results of operations, financial condition, cash flows and future prospects. Further, all of our manufacturing facilities are located in Hyderabad, Telangana and are also susceptible to local and regional factors, such as accidents, political factors, system failures, economic and weather conditions, natural disasters, and demographic and population changes, the outbreak of infectious diseases and other unforeseen events and circumstances.***

Any disruptions, breakdown or shutdown of our manufacturing facilities, due to, *inter alia*, (i) breakdown or failure of equipment, (ii) disruption in power supply or processes, (iii) performance below expected levels of efficiency, (iv) obsolescence, (v) labour disputes, (vi) infectious diseases, and (vii) political instability, could result in the damage or destruction of a significant portion of our manufacturing abilities, significant delays in the

transport of our products and raw materials and/or otherwise adversely affect our business, results of operations, financial condition, cash flows and future prospects.

All of our manufacturing facilities are located in Hyderabad, Telangana. Our operations are also susceptible to local and regional factors, such as accidents, political factors, system failures, economic and weather conditions, natural disasters, and demographic and population changes, the outbreak of infectious diseases and other unforeseen events and circumstances. For instance, in 2021, a minor fire broke out in the magnetic part inspection section of one of our Company's manufacturing facilities in Hyderabad, Telangana, and subsequently spread to the adjacent tool store and tool grinding machine section leading damage to, *inter alia*, the building, electrical fittings and various tools. While there were no casualties, and no ensuing criminal or civil liabilities were imposed on our Company, the loss or shutting down of our manufacturing facilities or casualty due to any such instances leading to civil or criminal suits being filed against our Company in the future could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. Further, disruptions, damage or destruction of those facilities may severely affect our ability to meet our customers' demand and the loss of our customers or a significant reduction in demand from such customers could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. In addition, we may also be required to carry out planned shutdowns of our Hyderabad, Telangana facilities for maintenance, statutory inspections and testing, or for capacity expansion and equipment upgrades. The table below sets forth certain information relating to general repair and maintenance of our machinery during the periods indicated:

Particulars	**Nine months ended December 31, 2024**		**Fiscal**					
			2024		**2023**		**2022**	
	Amount (₹ million)	**Percentage of Revenue from operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from operations (%)**
Repair and maintenance expenses	29.43	0.89	26.44	0.78	21.89	0.87	9.12	0.47

We cannot assure you that such general repair and maintenance costs for our machinery will not increase in the future which could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Although we try to minimize the risk from any significant operational problems at our manufacturing facilities, there can be no assurance that we will not face such disruptions in the future. Interruptions in production may also increase our costs and reduce our sales and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our reputation, profitability, business, financial condition, results of operations, cash flows and prospects.

3. Any failure to compete effectively in the highly competitive global industry of high precision and mission critical components manufacturing could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

We face competition globally in our business against other manufacturers of high precision and mission critical components manufacturing, which is based on many factors, including product quality and reliability, product design and innovation, technology, manufacturing capabilities, price and brand recognition. We compete with competitors to retain our existing business as well as to acquire new businesses. Some of our competitors may have certain advantages, including greater financial, technical and/ or marketing resources, which could enhance their ability to finance acquisitions, fund international growth, respond more quickly to technological changes and/ or operate in more diversified geographies and product portfolios.

Further, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. In addition, certain key customers to whom we currently sell certain products could decide to compete with us as manufacturers of these products. For further details of our competition, see "*Industry Overview*" and "*Our Business – Competition*" on pages 158 and 128, respectively.

During periods of recession in the industries in which we operate, our customers may become more price sensitive. We may also be at a competitive disadvantage with respect to price when compared to manufacturers with lower cost structures, particularly those with more offshore facilities located where labour and other costs are lower. The availability of excess manufacturing capacity for our competitors creates intense pricing and competitive pressure

on the industries in which we operate as a whole. If competitors can offer a lower cost on products, or provide products more quickly, at equivalent or in some cases even reduced effort and better efficiency, we may lose new business opportunities or contract recompetes, which could adversely affect our future results.

Our success depends in part on our ability to provide technologically advanced manufacturing products, maintain strict quality standards, respond flexibly and rapidly to customers' design and schedule changes, deliver products globally and on time and on a reliable basis at competitive prices and seek to create enhanced relationships with our customers with our advanced technology and engineering solutions. There can also be no assurance that we will be able to establish a compelling advantage over our competitors. Further, we may also not be able to utilize our available manufacturing capacity, which in turn could have adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

4. Our contracts/ purchase orders may not be indicative of our future growth rate or new business orders we will receive in the future. Further, we may not realize all of the revenue expected from our contracts/ purchase orders.

The amount of our revenue from our customers, including the realization of revenue from future contracts from awarded business or our existing purchase orders, or obtaining new business or customers, is inherently subject to a number of risks and uncertainties, including cancellation of existing purchase orders and right shifting (the postponement of current purchase orders to subsequent quarters) of future orders. Our dedicated supply chain and materials team follows a stringent and rigorous selection, evaluation and qualification process for our suppliers, who are also rated and monitored on an ongoing basis. Upon winning a contract, we expect to receive all or a sizable portion of revenue from it. However, there is no assurance that once a contract is signed, a customer will provide us purchase orders which will generate revenues for us. Further, our customers may delay or cancel a contract that has been awarded to us due to various reasons.

Our business pipeline and growth projections are not necessarily an accurate indication of what our actual sales and revenues from such orders will be, nor does it purport to project our business, results of operations, financial condition or cash flows for any future period or date. Accordingly, we may not be able to realize any or all of the future revenue indicated by our business pipeline and this could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

5. If we are unable to accurately forecast demand for our products and plan production schedules in advance, our business, cash flows, financial condition, results of operations, and prospects may be adversely affected.

Our inability to forecast the level of customer demand for our products, process innovation, and value engineering costs as well as our inability to accurately schedule our raw material purchases and production and manage our inventory may adversely affect our business and cash flows from operations. Actual production volumes may vary from our estimates due to variations in consumer demand for our products, leading to underutilized capacity or incurring additional expenditure to deploy additional resources to meet delivery timelines. In addition, in the event of significant cuts in production schedules announced by customers with little advance notice, we may be unable to respond with corresponding production and inventory reductions. Significant reduction in demand for our products from a major customer may have an adverse effect on our business, financial condition, results of operations, and prospects.

6. We depend on third party suppliers for raw materials, plant, machinery and components, which are on a purchase order basis. Such suppliers may not perform, or be able to perform their obligations in a timely manner, or at all and any delay, shortage, interruption, reduction in the supply of or volatility in the prices of raw materials, plant, machinery and components on which we rely may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

We are dependent on third party suppliers, including overseas suppliers, for the import and supply of our primary raw materials, plant, machinery and components, including aluminium, stainless steel, specialised steel, titanium, nimonic alloy, inconel and other super alloy grades. The table below sets forth the amount of purchases from our top, top five and top 10 suppliers in the periods indicated:

Particulars	Nine months ended December 31, 2024		Fiscal					
			2024		2023		2022	
	Amount (₹ million)	Percentage of Raw Material Purchase (%)	Amount (₹ million)	Percentage of Raw Material Purchase (%)	Amount (₹ million)	Percentage of Raw Material Purchase (%)	Amount (₹ million)	Percentage of Raw Material Purchase (%)
Top 1	296.96	32.56	280.42	29.69	136.24	25.07	94.08	22.55
Top 5	592.25	64.93	675.56	71.52	363.07	66.81	256.12	61.39
Top 10	703.76	77.15	783.69	82.97	452.54	83.27	335.37	80.39

We rely on such suppliers to perform their conditions and deliver adequate supplies and high-quality raw materials, plant, machinery and components and other inputs in a timely manner. Our suppliers are associated with us through purchase orders, and we do not enter into definite-term agreements with them. Accordingly, our suppliers may not perform their obligations in a timely manner or at all, resulting in possible delays to our production schedule and adversely affecting our output, and may require us to transition our work to other companies. While we have not faced any such instances in the past three Fiscals and nine months ended December 31, 2024, any such occurrence in the future may adversely impact our business, results of operations, financial condition, cash flows and future prospects.

Further, our ability to identify and build relationships with reliable suppliers contributes to our growth as well as other aspects of our operations. There have been instances in the past where we experienced interruptions in the supply of raw materials, plant, machinery and components on account of macroeconomic issues such as the COVID-19 pandemic, and conflicts between countries. Further, there can be no assurance that increased demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials, plant, machinery and components. Further, there can be no assurance that the material supplied by our suppliers shall always conform to our quality system requirements including meeting the desired specifications and/or test requirements. Our purchase orders stipulate corrective actions for non-conforming materials delivered by our suppliers whereby such suppliers are required to correct the discrepancy in the materials delivered. Such corrective actions may result in delay of procurement of raw materials, plant, machinery and components which may affect our production schedule and the delivery timelines promised to our customers. Any change in the supply pattern of our raw materials, plant, machinery and components can adversely affect our business, results of operations, financial condition, cash flows and future prospects and can result in a customer cancelling our contracts. If we were to experience a significant or prolonged shortage of raw materials, plant, machinery and components from any of our suppliers and cannot procure the raw materials, plant, machinery and components from other sources, we may be unable to meet our production schedules for our products and ship such products to our customers in timely manner, which may adversely affect our customer relations and reputation. Further, certain of our customer contracts provide for the customer's right to claim penalties as a result of any delays caused by us. We may also be required to replace a supplier if its products do not meet our safety, quality or performance standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions.

Furthermore, as we typically do not have exclusive arrangements with our suppliers, our suppliers could engage with our competitors and prioritize supplies of their other customers, which could adversely impact our ability to procure a sufficient quantity of raw materials, plant, machinery and components at competitive rates.

We currently import some of our raw materials, plant, machinery and components from various countries including the Taiwan, Italy, Germany, United States of America and Austria. Cost of raw materials sourced from Taiwan accounted for 34.03%, 50.19%, 32.29% and 30.61% of the total cost of raw materials sourced by our Company in the nine months ended December 31, 2024 and in Fiscal 2024, 2023 and 2022, respectively. We are faced with import risk including but not limited to (i) supply chain disruptions such as natural disasters, labour strikes, transportation delays in the supplier's country which might affect our ability to meet production targets and deadlines (ii) changes in government policies and trade agreements which might limit our ability to source from such suppliers, forcing us to consider other geographies to source our raw material which may not be as lucrative, and (iii) increasing rates of inflation and foreign exchange fluctuations, which would affect our profitability. While we have not yet faced any disruptions due to government conditions on trade practices, we cannot assure you that we will not face such disruptions in the future. Any such disruptions due to government restrictions on trade in the future could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Details regarding such raw material imports for the nine months ended December 31, 2024 and for the Fiscals 2024, 2023 and 2022 are set out below:

Importing Countries	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Cost of raw materials sourced (₹ million)	Percentage of cost of raw materials sourced (import) (%)	Cost of raw materials sourced (₹ million)	Percentage of cost of raw materials sourced (import) (%)	Cost of raw materials sourced (₹ million)	Percentage of cost of raw materials sourced (import) (%)	Cost of raw materials sourced (₹ million)	Percentage of cost of raw materials sourced (import) (%)
Taiwan	124.56	34.03	224.99	50.20	79.56	32.28	72.33	30.61
USA	69.41	18.96	28.74	6.41	21.08	8.56	22.49	9.52
Italy	-	-	47.02	10.49	21.94	8.90	71.19	30.12
UK	89.00	24.32	64.41	14.37	39.39	15.99	13.99	5.92
Austria	0	0	0.00	0.00	0.00	0.00	29.07	12.30
Germany	0.10	0.03	0.38	0.08	53.90	21.88	18.46	7.81
China	49.93	13.64	41.39	9.23	21.27	8.63	6.71	2.84
Others	33.01	9.02	41.35	9.22	9.26	3.76	2.08	0.88
Total purchase of raw material (import)	**366.01**	**100.00**	**448.28**	**100.00**	**246.40**	**100.00**	**236.32**	**100.00**
Total purchase of raw material	**925.24**	**NA**	**944.54**	**NA**	**543.46**	**NA**	**417.19**	**NA**

In addition, prices of certain primary raw materials we rely on, such as aluminium, stainless steel, specialised steel titanium, nimonic alloy, inconel and other super alloy grades, are linked to commodity markets and thus subject to fluctuation. While the prices for certain raw materials are locked-in for a specified period, there can be no assurance that the prices for these products will not be volatile in the future. While in practice we have passed the increase in the cost of raw materials onto our customers, our cash flows may still be adversely affected due to any gap in time between the date of procurement of those raw materials and the date on which we can reset the component prices for our customers so as to account for the increase in the prices of such raw materials. In addition, we may not be able to pass all of our raw material price increases to our customers. Our ability to adjust pricing terms with customers varies based on our specific customer relationships, market practice with respect to the particular raw materials, plant, machinery and components and other factors such as raw material content and whether medium-term price fluctuations have been factored into our component prices at the time of price finalisation. Our inability to adequately adjust our customer pricing in response to increases in prices of raw materials, plant, machinery and components in a timely manner, or at all, could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

7. The global nature of our operations exposes us to numerous risks that could adversely affect our business, results of operations, financial condition, cash flows and future prospects.

Our products are sold to customers in India and overseas, including in United States of America, Europe, Japan, Middle East and UK. As a result, we are subject to several and complex legal and regulatory requirements in the jurisdictions we sell our products in. The table below sets out the details of our total revenue from contracts with customers with geographical location outside India:

	Nine months ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Outside India (₹ million)	3,067.88	2,981.82	2,023.08	1,518.17
Outside India % (in %)	92.85	87.50	80.38	78.07

The following table demonstrates the sensitivity to a reasonably possible change in the US$ dollar exchange rate (or any other material currency) as of March 31, 2024, with all other variables held constant, of our profit before tax (due to changes in the fair value of monetary assets and liabilities). Our exposure to foreign currency changes for all other currencies is not material.

Currency	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
US$	17.50	(17.50)	13.10	(13.10)
Euro	52.58	(52.58)	39.34	(39.34)
JPY	(0.06)	0.06	(0.04)	0.04

Further, the table set forth below provides a sensitivity analysis based on the composition of our financial assets and liabilities in foreign currency as March 31, 2024:

Particular	Currency	Amount in Foreign Currency in Million (*US$, Euro and JPY, as applicable*)	Amount (₹ million)
Financial assets	US$	3.72	323.47
Financial liabilities	US$	1.00	82.96
Financial assets	Euro	12.64	1,051.79
Financial liabilities	Euro	0.19	17.26
Financial assets	JPY	-	-
Financial liabilities	JPY	0.01	1.12

The table below sets forth the breakdown of our income from sale of goods across geographic markets, as a percentage of our total revenue from operations as at the nine months ended December 31, 2024 and the last three Fiscals ended March 31, 2024, 2023 and 2022:

Country	Revenue from operations (₹ in million)	Percentage of Total Revenue from Operations (%)	Revenue from operations (₹ in million)	Percentage of Total Revenue from Operations (%)	Revenue from operations (₹ in million)	Percentage of Total Revenue from Operations (%)	Revenue from operations (₹ in million)	Percentage of Total Revenue from Operations (%)
	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
Japan	516.45	15.63	554.38	16.27	892.61	35.47	652.34	33.54
USA	1364.64	41.30	1153.26	33.85	579.09	23.01	466.74	24.00
India*	280.11	8.48	441.69	12.96	496.93	19.75	432.23	22.23
UAE	414.30	12.54	470.85	13.82	222.60	8.84	169.97	8.74
Germany	277.97	8.41	193.32	5.67	158.98	6.32	66.27	3.41
Switzerland	0.36	0.01	0.80	0.02	0.97	0.04	16.26	0.84
UK	142.96	4.33	82.42	2.42	11.85	0.47	35.56	1.83
Hungary	1.78	0.05	34.92	1.02	0.56	0.02	12.81	0.66
France	180.38	5.46	362.73	10.64	152.85	6.07	84.13	4.32
Italy	26.13	0.79	35.78	1.05	-	-	-	-
Sweden	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	4.17	0.21
Poland	65.13	1.97	68.67	2.02	-	-	4.19	0.22
Saudi Arabia	0.47	0.01	-	-	0.10	0.00	-	-
Singapore	33.60	1.02	8.90	0.26	0.21	0.01	-	-

* *Includes export incentives*

Further, as evidenced above, the majority of our total revenue is from contracts with customers with geographical location outside India which could adversely affect our business, results of operations, financial condition, cash flows and future prospects in case of risks that are specific to each country where our customers operate. Our customers, suppliers and we are subject to risks that are specific to each country in which we operate, as well as risks associated with carrying out business operations on an international scale, including the following, the occurrence of any of which may adversely affect our business, results of operations, financial condition, cash flows and future prospects:

- Import and export regulations that could among others erode profit margins or restrict imports or exports, changes in foreign exchange controls and tax rates, foreign currency exchange rate fluctuations, including devaluations (also see " – *Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results*" on page 76);

- Changes in regional and local economic conditions, including local inflationary pressures, economic cycle and demand for products in the international markets;

- Difficulty of enforcing agreements and collecting receivables through certain foreign systems;

- Variations in protection of intellectual property and other legal rights;

- Changes in laws and regulations, changes in labour conditions/ related regulations and difficulties in staffing and managing international operations;

- Unsettled political conditions and possible terrorist attacks against countries where we sell our products or have other interests; and

- Availability and terms of financing.

In the event that we are unable to anticipate and effectively manage these and other risks, it could have a material and adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Additionally, we will be required to procure certifications in addition to other quality standards which could be necessary for the products to be accepted by customers and the markets in which we export our products. As such, we may need to obtain and maintain the relevant certifications so that our customers are able to sell their products overseas, which include components that are manufactured by us. While we have not faced any failure in obtaining such certifications in the past three Fiscals and the nine months ended December 31, 2024, our inability to secure such certifications, or any other licenses, certification, registrations and permits in other jurisdictions in a timely manner or at all, could result in operational delays or suspensions and/or administrative fines and penalties, which could have an adverse effect on our overall business, results of operations, financial condition, cash flows and future prospects.

Our future revenue growth also depends upon the adequacy and effectiveness of our supply chain infrastructure spread across various countries and the successful management of our sales, marketing and support teams in various countries where our manufacturing facilities and current or potential customers are located. Moreover, the growth in size or scope of our business, expansion of our footprint in existing regions in which we operate and entry into new geographies also may expose us to regulatory regimes with which we have no prior direct experience. In addition, the costs associated with entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. Any of these developments, alone or in combination, could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

8. The markets in which our customers compete are characterized by sectors specific to the industries which we cater to, and their rapidly changing preferences and other related factors including lower manufacturing costs. Accordingly, we may be affected by any disruptions in the industry which can adversely impact our business, financial condition, results of operations, cash flows and prospects.

The markets in which we and our customers operate are characterized by rapidly changing technology, evolving industry standards and demands for features, and continual product innovation. These conditions may also result in significant competition and short product life cycles. A negative impact on industries in which we or our customers operate in can impact our business.

Set out below is our revenue breakup for the nine months ended December 31, 2024 and Fiscals 2024, 2023 and 2022:

Industry	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from Operations (₹ in million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ in million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ in million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ in million)	Percentage of Total Revenue from Operations (%)
Energy (I)	2,554.38	77.31	2,798.17	82.11	2,190.40	87.03	1,650.70	84.88
Aerospace and defence (II)	560.11	16.95	438.47	12.87	225.28	8.95	202.78	10.43
Oil and gas (III)	63.86	1.93	44.58	1.31	0.47	0.02	-	-
Scrap (IV)	80.56	2.44	105.89	3.11	96.90	3.85	78.38	4.03
Others* (V)	25.18	0.76	20.60	0.60	3.70	0.15	12.81	0.66
Subsidiaries (VI)	20.19	0.61	-	-	-	-	-	-
Total (I+II+III+IV+V)	**3,304.28**	**100.00**	**3,407.71**	**100.00**	**2,516.75**	**100.00**	**1,944.67**	**100.00**

** Others includes export incentives and duty drawbacks*

If the end-user demand is low for our customers' products, there may be significant changes in the orders from our customers and we may experience greater pricing pressures. Therefore, risks that could harm the customers of our industry could, as a result, adversely affect us as well. Our success is therefore dependent on the success achieved by our customers in developing and marketing their products. If our customers' technologies become obsolete or fail to gain widespread commercial acceptance, our customers may experience a reduced demand for their products which may affect our sales to such customers, operating margins depending on the nature of the product, and all of these combined may gradually result in a loss of customers including key ones. However, there can be uncertainty regarding the development and production of these products as planned and failure to anticipate or respond rapidly to advances in technology can have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Additionally, industry-wide competition for market share of various products can result in aggressive pricing practices by our customers and therefore our customers may also choose to import some of these products which provide them better cost benefits as compared to us or source the products from our competitors. While we have not faced any loss of customers due to industry-wide competition in the last three Fiscals and nine months ended December 31, 2024, this price-pressure from our customers may adversely affect the prices of the products which we supply, which may lead to reduced revenues, lower profit margins or loss of market share etc., any of which would have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

9. There may be problems with the products we manufacture that could result in liability claims against us, reduced demand for our products and damage to our reputation.

We manufacture and sell products based on our customers' specifications, many of which are highly complex, particularly when catering to end-use industries such as energy, aerospace and defence and oil and gas, that have higher risk profiles. Despite our quality control and quality assurance efforts, problems may occur, or may be alleged, in the design or manufacturing of these products, including as a result of business continuity issues. Any failure on our part to manufacture products as per client requirements could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect.

Whether or not we are responsible for the problems in the products we manufacture, be it real or alleged, or caused by faulty customer specifications, or in the manufacturing or design processes, servicing, or a component defect, may result in delayed shipments to our customers or, reduction or cancellation of customer orders. If any such problems were to occur in large numbers or too frequently, our business reputation may also be affected. These potential claims may include damages for the recall of a product or injury/bodily harm and other damages caused to person or property. We may also be required to repair the defective product or replace it with a new conforming product and the costs may also be required to be borne by us, or if they are borne by the customer, may be capped. The successful assertion of any claim could have an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

While we seek to secure contractual protection and/or to insure against many of these risks, we may not have practical recourse against certain suppliers, and contractual protections, insurance coverage or supplier warranties,

as well as our other risk mitigation efforts, may be inadequate, costly, or unavailable. Further, while we have not faced such a situation in the past three Fiscals and nine months ended December 31, 2024, we may incur costs defending claims in the future, and any such disputes could adversely affect our business relationships.

While we have not received any liability claims in relation to the products we manufactured in the last three Fiscals and nine months ended December 31, 2024, we cannot assure you that any product defects will not arise in the future, whether on our account or on account of defective components provided by a supplier. If such cases arise, our customers may cancel orders, refuse to renew contracts, make adverse claims against us which, if litigated, may be decided against us. Any future product defects or defaults may have an adverse impact on our business, results of operations, financial condition, cash flows and future prospects.

10. We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, suspension of further drawdowns, which may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

As of September 30, 2024, our total outstanding borrowings amounted to ₹1,483.05 million. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Any additional indebtedness we incur may have significant consequences, including, without limitation, requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditures, acquisitions, and strategic investments; reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions; and limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions, share repurchases, or other general corporate and other purposes.

Our financing arrangements include conditions that require us to obtain respective lenders' consent or waiver prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Certain of the corporate actions that require prior consents from certain lenders of our Company include, amongst others, entering into any scheme of merger, amalgamation, reconstitution or undertake buyback, make any amendments in our Company's constitutional documents, engaging in any business or activities other than that our Company is engaged in, dispose any of our assets, and make any change in our Company's capital structure/ shareholding pattern or making any change in our Company's ownership/ control or management. Further, while we have not yet faced any instances of noncompliance of our financing agreements in the past, any failure to comply with such covenants in the future may restrict or delay certain actions or initiatives that we may propose to take from time to time.

Some of our borrowings are secured, among others, through a first charge by equitable mortgage in favour of term loans on immovable properties and second pari passu charge by way of pledge of the current assets. As these assets are hypothecated or mortgaged, our rights in respect of transferring or disposing of these assets are restricted except in the normal course of business. Further, in the event we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings and take possession of and/or transfer the assets comprised within the security. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, results of operations, financial condition, cash flows and future prospects may be adversely affected.

While we have not faced any such instances in the past three Fiscals and nine months ended December 31, 2024, any failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, suspension of further access/ withdrawals, either in whole or in part, for the use of the facility and/or restructuring of our debt. There can be no assurance that the lenders will not recall such borrowings or if we will be able to repay loans advanced to us in a timely manner or at all.

11. We are dependent on our Promoter and our management team, senior management personnel and key managerial personnel and the loss of any key team member may adversely affect our business performance.

Our Promoter, management team, senior management personnel and key managerial personnel have been instrumental in the growth and development of our Company. We benefit from our Promoter, and any decline in our relationship with him could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Further, our businesses are dependent upon an experienced senior management team and we believe that the experience and skill of our management team and our investors allows us to possess a significant advantage over our global competitors. If one or more members of our management team, senior management personnel and key managerial personnel were unable or unwilling to continue in their present positions, such persons would be difficult to replace and our business, results of operations, financial condition, cash flows and future prospects could be adversely affected.

To maintain and grow our business, we will need to identify, hire, develop, motivate, and retain highly skilled employees. Identifying, recruiting, training, integrating, and retaining qualified individuals requires significant time, expense, and attention. We may need to invest significant amounts of cash to attract and retain new employees and expend significant time and resources to identify, recruit, train, and integrate such employees, and we may never realize returns on these investments. If we are not able to retain and motivate our current personnel or effectively manage our hiring needs or successfully integrate and retain new hires, our efficiency, ability to achieve our strategic objectives, meet forecasts, and employee morale, productivity, and engagement could suffer, which could adversely affect our business, financial condition, cash flows and results of operations.

Any loss of members of our management team or key managerial personnel or senior management could significantly delay or prevent the achievement of our business objectives, affect our succession planning and could harm our business and customer relationships.

12. Any disruption to the steady and regular supply of workforce for our operations could adversely affect our business, results of operations, cash flows and financial condition.

The success of our operations depends on availability of labour and maintaining good relationship with our workforce. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business, results of operations, cash flows and financial condition. As of December 31, 2024, our employees are not unionised. While we have not experienced any major prolonged disruption in our business operations due to strikes, disputes or other problems with our work force in the three preceding Fiscals and the nine months ended December 31, 2024, there can be no assurance that we will not experience any such disruption in the future.

We engage contract labourers for performance of certain functions at our facilities as well as at our offices. Although we do not engage these labourers directly, it is possible that we may be held responsible for wage payments should the contractors engaging such labourers default on wage payments. Further, under the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract labourers as our employees. Any such orders from a court or any other regulatory authority may adversely affect our business, results of operations, cash flows and financial condition.

13. We are subject to several labour legislations and regulations governing welfare, benefits and training of our employees. Any increase in wage and training costs could adversely affect our business, results of operations, cash flows and financial condition.

We are subject to laws and regulations relating to employee welfare and benefits such as minimum wage and maximum working hours, overtime, working conditions, non-discrimination, hiring and termination of employees, employee compensation, employee insurance, bonus, gratuity, provident fund, pension, superannuation, leave benefits and other such employee benefits. In the event welfare requirements under labour legislations applicable to us are changed, employee benefits payable by us may increase, and there can be no assurance that we will be able to recover such increased amounts from our clients in a timely manner, or at all. Wage revisions may adversely impact our costs, specifically in circumstances where we have entered into fixed-fee contracts, with limited ability to pass on increased wage costs to our clients, or renegotiate these arrangements to account for such wage increases. Most labour laws are specific to the states in India in which they apply, and regulatory agencies in different states may interpret such compliance requirements differently, which may make compliance more complex, time consuming and costly. Additionally, we are subject to labour legislations that protect the interests of workers, including legislations that set forth detailed procedures for the establishment of unions, dispute resolution and employee removal and impose certain financial obligations on employers upon retrenchment of employees. While there have been no such instances in the three preceding Fiscals and the nine months ended December 31, 2024, if there is any failure by us in complying with applicable labour laws and regulations including in relation to employee welfare and benefits and training/ qualification requirements, we may be subject to criminal and monetary penalties, incur increased costs, or disputed in litigation which may in turn disrupt our operations.

14. We are subject to strict compliance of quality requirements which results in incurring significant expenses to maintain our product quality. Any failure in maintaining our quality accreditations and certifications may negatively impact our brand and reputation which may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

Given the nature of our business and products, our customers have high and exacting standards for product quality, as well as delivery schedules. Adherence to quality standards is a critical factor in our manufacturing process as any defects in the products manufactured by our Company or failure to comply with the technical specifications of our customers may lead to termination of our contracts or cancellation of the orders placed by our customers. Certain customer contracts specify that we will be subject to penalties if we provide defective products. These quality specifications and contractual requirements include, among others, setting up robust process controls as specified by our customers. Additionally, our customers typically have stringent, time-consuming selection, inspection and review procedures for their products. These procedures include review of the manufacturer's expertise, available manufacturing facilities, processes, financial capabilities and logistical capabilities. As a result of being subject to a stringent quality control mechanism at each stage of the manufacturing process, we are required to incur expenses to maintain our quality assurance systems such as forming a separate team of engineers responsible for quality and assurance in the manufacturing facilities, machineries, and in the manufacturing processes.

We are also subject to ongoing audits with customers who have onboarded us and are required to adhere to stringent quality standards. There can be no assurance that our Company will meet the relevant quality requirements in respect of the products manufactured by us in the future. If any such event were to occur in future, it may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Further, we have received a number of quality assurance certifications and accreditations which have certified that our design, development, manufacturing and supply of our products are in compliance with globally accepted manufacturing practices and quality standards. If we are unable to renew these accreditations, our brand and reputation could be adversely affected. Any significant damage to our reputation and/or brand caused by being denied such accreditations and certifications could have an adverse effect on our ability to attract new and repeat customers and, as a result, adversely affect our business, results of operations, financial condition, cash flows and future prospects.

We will continue to spend a portion of our future revenues to manage our product quality, failure of which may negatively impact our business, results of operations, financial condition, cash flows and future prospects.

15. Any defaults or delays in payment by a significant portion of our customers, may have an adverse effect on business, results of operations, financial condition, cash flows and future prospects.

In the ordinary course of business, we extend credit to our customers typically up to 180 days as part of our standard payment terms. Consequently, we are exposed to the risk of the uncertainty regarding the receipt of the outstanding amounts. Set out below are the details of our Trade Receivables and Trade Receivables Turnover ratio as at December 31, 2024, March 31, 2024, March 31, 2023 and March 31, 2022:

	December 31, 2024	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
Trade Receivables (₹ in million)	NA	1699.53	1,186.63	746.31
Trade Receivables Turnover Ratio*	NA	2.36	2.60	3.06

**Trade Receivables Turnover Ratio is calculated as revenue from operations divided by average trade receivables.*

Further, in the nine months ended December 31, 2024 and Fiscals 2024, 2023 and 2022, we have an allowance for credit loss of ₹72.06 million, ₹36.39 million, ₹15.00 million and ₹10.25 million. Our results of operations and profitability depend on the credit worthiness of our customers. We cannot assure that these counterparties will always be able to pay us in a timely fashion, or at all. While there have been no instances of major delays or major defaults in payments by our Company's customers in the last three Fiscals, and nine months ended December 31, 2024, that have materially impacted our business and operations, we cannot assure you that we will not face a situation in the future which would materially impact us. Any adverse change in the financial condition of our customers may adversely affect their ability to make payments to us. Default or delays in payments by a significant portion of our customers may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

16. Our facilities are dependent on adequate and uninterrupted supply of electricity, fuel and water. Any shortage or disruption in electricity, fuel or water supply may lead to disruption in operations, higher operating cost and consequent decline in our operating margins.

We rely on an uninterrupted supply of electricity, fuel and water for our operations, the shortage or non-availability of which may adversely affect our operations. Set forth below are our power expenses in the corresponding periods:

Particulars	Nine months ended December 31, 2024		Fiscal					
			2024		2023		2022	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Power expenses	116.82	3.54	135.60	3.98	116.21	4.62	68.44	3.52

We source most of our electricity requirements from local utilities and through power exchange. Inadequate electricity could result in interruption or suspension of our production operations. In particular, any significant increase in cost of diesel/fuel could result in unanticipated increase in production cost. Owing to the energy-intensive nature of our manufacturing operations, any fluctuation in energy price could impact our results of operations. Further, we currently source our water from local body water supply and there can be no assurance that such supply will not be adversely impacted in the future. We cannot assure you that we will be able to pass on any increased costs to our customers, or that price escalations will not lead to loss of such customers. Further, any failure on our part to obtain alternate sources of electricity, fuel, or water, in a timely manner, and at an acceptable cost, may cause a slowdown or interruption to our production process and have an adverse effect on our business, results of operations, cash flows and financial condition.

17. Some of our manufacturing facilities and offices including our Registered and Corporate Office are located on land parcels that are not owned by us and are held by us on a leasehold basis. In the event we lose or are unable to renew such leasehold rights, our business, results of operations, financial condition, cash flows and prospects may be adversely affected.

Some of our manufacturing facilities and offices, including our Registered and Corporate Office, are held on a leasehold basis. The following table sets forth the details of our Registered and Corporate Office and manufacturing facilities:

S. No.	Address	Description and Usage	Ownership status	Tenure of Lease
1.	90/C, 90/D, 90/E Phase 1 I.D.A, Jeedimetla, Hyderabad 500 055, Telangana, India	Registered and Corporate Office and main manufacturing facility	Leased land	September 1, 2023 until August 31, 2033;and March 1, 2024 until February 28, 2034
2.	Industrial shed No. D-42 and 43, T.S.I.I.C, Industrial Development Area, Phase - V, Jeedimetla Industrial Park, Quthbullapur Mandal, Medchal – Malkajgiri District Hyderabad 500 055, Telangana, India	Factory – manufacturing	Leased land	September 14, 2024 until September 14, 2026
3.	Industrial Plot No. 63/A, T.S.I.I.C, Industrial Development Area, Phase – I, Jeedimetla Village, Industrial Park, Quthbullapur Mandal, Medchal – Malkajgiri District, Hyderabad 500 055, Telangana, India	Factory – manufacturing	Leased land	August 6, 2024 until June 30, 2026

S. No.	Address	Description and Usage	Ownership status	Tenure of Lease
4.	Plot No.17/B, Phase - III, Industrial Park, Pashamylaram, Patancheru, Medak 502 205, Telangana, India	Factory – precision forging, testing, heat treatment, and RM warehouse	Owned land	N.A.
5.	Plot No. D-30 & 31, Phase – V, Industrial Development Area, Jeedimetla, Medchal – Malkajgiri District, Hyderabad 500 055, Telangana, India	Factory - manufacturing	Leased land	May 1, 2025 until April 31, 2027

Our Promoter has entered into two share purchase agreements each dated September 16, 2023 to purchase 13,150 equity shares and 50,350 equity shares of our Erstwhile Subsidiaries i.e., Swastik Coaters Private Limited and Rouland Chemicals Private Limited, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities, respectively. Swastik Coaters Private Limited and Rouland Chemicals Private Limited hold the free hold title to the land situated at Plot Number 90/C in Survey Numbers 298/A and 299/2, all situated at phase – 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal – Malkajgiri District, Telangana, India and Plot Number 90/D in Survey Number 299/2, situated at phase – 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal – Malkajgiri District, Telangana, India on which one of our current manufacturing facilities are situated (collectively the "**Subject Land**"). Swastik Coaters Private Limited and Rouland Chemicals Private Limited have pursuant to lease deeds dated September 27, 2023, leased their respective portions of the Subject Land to our Company for a period of 10 years with effect from September 1, 2023 for a monthly lease rental of ₹0.12 million under each of the lease deeds, along with the applicable goods and services taxes applicable on such payment under both lease deeds with a 5% annual escalation. Further, our Company has paid ₹4.96 million each to Rouland Chemicals Private Limited and Swastik Coaters Private Limited, respectively, as security deposit under the lease deeds which is required to be refunded on termination or expiry of the lease deeds. Our Company has the right to terminate each of the aforesaid lease deeds at any time by giving 30 days' notice upon commencing commercial operations at our upcoming manufacturing facility at Tuniki Bollaram village in Siddipet district, Telangana. Further, our Company entered into a lease deed dated March 22, 2024 with Agrima Logi Park, a sole proprietary firm, represented by one of our Directors and member of our Promoter Group, Jyoti Chopdar for the land situated at Plot Number 90/E in Survey Number 299/2 situated at phase – 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal – Malkajgiri District, Telangana, India, along with the buildings thereon for a period of 10 years with effect from March 1, 2024. There can be no assurance that we will be able to renew our lease arrangements at commercially acceptable terms or at all. If we are unable to renew the relevant lease agreements, or if such agreements are renewed on unfavourable terms and conditions, we may be required to relocate operations and incur additional costs in such relocation. Further, if we are required to relocate our business operations or shut down our manufacturing facilities during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. Moreover, we may face significant increases in the lease rental rates. We cannot assure you that we may be able to do so in a timely manner. Certain of our agreements to sale for vacant properties include clauses requiring our Company to achieve certain operational milestones. Any of the foregoing factors may cause a disruption in our operations or result in increased costs, or both, which may adversely affect our business, financial condition, results of operations, cash flows and prospects. In the event we lose our rights on leased properties or are required to negotiate terms, our business, results of operations, financial conditions, cash flows, and future prospects could be adversely affected.

In addition, any regulatory non-compliance by the lessor or us or adverse development relating to the lessors' title or ownership rights to such properties, may entail significant disruptions to our operations, especially if we are forced to vacate the leased spaces following such developments. If our sales do not increase in line with our rent and costs, including setup and interior design costs, our profitability, business, results of operations, financial condition, cash flows and future prospects could be adversely affected.

18. We have had negative cash flows in prior periods and may continue to have negative cash flows in the future.

We have had negative cash flows in prior periods, as set forth below:

	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)			
Net cash flow/(Used) from/in operating activities	27.88	(69.52)	(102.09)	209.39
Net cash flow/(Used) from/in investing activities	(1011.11)	(552.55)	(1,011.51)	(1,141.99)
Net cash flow/(Used) from/in financing activities	1022.71	709.87	1,263.41	959.11
Net increase/(decrease) in cash and cash equivalents	39.48	87.80	149.81	26.51

Negative operating cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*" on page 152.

19. If we are unable to sustain or manage our growth, our business, results of operations, financial condition, cash flows and future prospects may be adversely affected.

We have experienced growth in the past three years. Our total income has grown at a CAGR of 36.77% from ₹ 1,992.63 million in Fiscal 2022 to ₹ 3,727.64 million in Fiscal 2024. Our operations have grown over the last three Fiscals and the nine months ended December 31, 2024. We may not be able to sustain our rates of growth, due to a variety of reasons including a decline in the demand for our products, increased price competition, non-availability of raw materials, lack of management availability or a general slowdown in the economy. A failure to sustain our growth may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Our growth strategies will place significant demands on our management as well as our financial, accounting and operating systems and require us to continuously evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in:

- making accurate assessments of the resources we will require;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- time and cost overruns;
- acquiring new customers and increasing or maintaining contribution from existing customers;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- maintaining high levels of customer satisfaction;
- focus on our continued shift to being engaged for manufacturing solely by global OEM customers; and
- adhering to expected performance and quality standards.

If we are unable to increase our manufacturing capacity, we may not be able to successfully execute our growth strategy. Further, as we scale-up and diversify our products, we may not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. We cannot assure you that our future performance or growth strategy will be in line with our past performance or growth strategy. Our failure to manage our growth effectively may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

20. Our proposed capacity expansion plans via our new manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.

We have made and intend to continue making investments to expand our manufacturing capacities to aid our growth efforts. We have two manufacturing facilities in the pipeline at (a) Tuniki Bollaram village in Siddipet

district, Telangana and (b) Mangampet village, Sangareddy district, Telangana, with total manufacturing area of 94,898.78 square metres and 74,866.84 square metres, respectively. Our Board has approved the purchase of land at Tuniki Bollaram village and Mangampet village by way of resolutions dated July 20, 2021 and February 15, 2022, respectively, for the proposed expansion of our manufacturing capacity. The construction and development of these proposed manufacturing facilities are intended to be funded from our internal accruals. In relation to the land allotted to us at Tuniki Bollaram village, we by way of our letter dated January 24, 2025, requested for a project extension for period of six months. As on the date of this Preliminary Placement Document, we are yet to receive a response for the aforementioned request. Additionally, in relation to the land allotted to us at Mangampet village, Sangareddy district, Telangana, we have by way of our letter dated August 8, 2023 to the Zonal Manager, TSIIC Limited, Zonal Office, IP Pantacheru, Sanga Reddy requested for balance land allotment of five additional acres and a project extension of time for period of two years, without levying any penalties, from the date of allotment of the remaining five acres and we received the extension till April 15, 2025 which is subject to further renewal. We cannot assure you that our renewal/extension request will be granted in a timely manner or at all, which could result in an adverse effect on our business, prospects and results of operations.

Our new manufacturing facilities remain subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. Problems that could adversely affect our expansion plans include inability to raise significant additional funds on reasonable terms or at all, labour shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed in our manufacturing facilities, delays in completion, defects in design or construction, failure of third-parties to adhere to our specifications, quality standards and/ or timelines, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. Further, there can be no assurance that our budgeted costs may be sufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our business, results of operations, growth, prospects, cash flows, financial condition and future prospects. Moreover, there is a possibility that our asset turnover may be low in the future considering our new manufacturing facilities will be larger than our existing facilities, which could result in an adverse effect on our business, prospects and results of operations.

The new manufacturing facilities will require us to obtain various approvals, which are routine in nature including approvals such as consent to establish, consent for operations, fire-no objection certificate under applicable law in relation to the manufacturing facilities. There can be no assurance that we will be able to obtain these registrations, licenses and approvals including approvals in relations to power and water procurement in a timely manner or at all, which could result in an adverse effect on our business, prospects and results of operations.

21. While we have placed some purchase orders in relation to some of the capital expenditure and infrastructure expenses for our new manufacturing facility at Tuniki Bollaram village in Siddipet district, Telangana, we are in the process of placing firm orders for the rest of the capital expenditure to be incurred at that facility and capital expenditure to be incurred at the Mangampet village, Sangareddy district, Telangana. In the event of any delay in placing the orders, or in the event the vendors are not able to provide the equipment in a timely manner, or at all, may result in time and cost over-runs and our business, prospects and results of operations may be adversely affected.

We have placed some purchase orders in relation to some of the capital expenditure and infrastructure expenses to be incurred for our new manufacturing facilities at Tuniki Bollaram village in Siddipet district, Telangana and are in the process of placing firm orders for the rest of the capital expenditure to be incurred at that facility and capital expenditure to be incurred at the Mangampet village, Sangareddy district, Telangana. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. Further, the actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes and technological changes.

In the event of any delay in placing the orders, or an escalation in the cost of acquisition of the equipment or in the event the vendors are not able to provide the equipment in a timely manner, or at all, we may encounter time and cost overruns for the new manufacturing facilities. Further, if we are unable to procure the requisite raw

materials from the vendors from whom we have procured quotations, we cannot assure you that we may be able to identify alternative vendors to provide us with the raw materials which satisfy our requirements at acceptable prices. Our inability to procure the machinery and equipment at acceptable prices or in a timely manner, may result in an increase in capital expenditure, thereby resulting in an adverse effect on our business, prospects and results of operations.

22. We may not be able to successfully identify and conclude acquisitions, or manage the integration of or harness synergies from acquired businesses, or the performance of such acquired businesses may be below our expectations, any of which may adversely affect our business, results of operations, cash flows and financial condition.

We have carried out strategic acquisitions in the past, as a means of inorganic growth. We may continue to evaluate select acquisition opportunities, particularly to supplement our market position, product offerings, functional capabilities and channels. For further details, see "*Our Business — Our Strategies*" on page 114. We may not be able to identify or conclude acquisitions in a timely manner.

These transactions involve challenges and risks, including but not limited to:

- potential difficulties in identifying suitable acquisition targets and competition from other potential acquirers;
- exposure to unanticipated liabilities of acquired businesses, including, but not limited to, taxation, litigation, intellectual property rights or compliance under applicable laws and regulations;
- obtaining requisite governmental, statutory and other regulatory approvals in connection with any potential acquisition(s);
- not realizing the benefits, expected return on investment or synergies from such transactions; and
- diverting management's attention, particularly in circumstances of an unsuccessful venture.

While we conduct financial and legal due diligence on target entities before making investments, we cannot assure you that we will be able to identify all material risks and liabilities associated with the relevant target entity.

Further, we may experience difficulty in integrating operations and harmonizing cultures leading to a non-realization of anticipated synergies or efficiencies from such acquisitions. The integration of newly acquired companies into our existing businesses will require dedication of management and financial resources that may divert management attention or require us to assume liabilities. The integration of these businesses involves other risks, including difficulties in integrating the financial, technological and management standards, processes, procedures and controls of our newly acquired companies with our existing operations; difficulties in managing varying geographies and product categories; challenges in managing the increased scope and complexity of our operations; adverse effects on existing business relationships with suppliers and consumers; entering distribution channels, categories or markets in which we have limited or no prior experience; and increased administrative and operational costs.

23. Some of our historical corporate records, including those relating to allotments of our Equity Shares in the past, are not traceable.

Certain of our corporate records in relation to (a) Form 2 and challan along with the list of allottees for allotment of equity shares dated August 1, 1986 and (b) Form 32 and challan filed in relation to the initial and subsequent appointments of Rakesh Chopdar are not traceable in the historical records maintained by our Company, or at the MCA Portal maintained by the Ministry of Corporate Affairs and the RoC, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. Therefore, we may face challenges in establishing the nature of such allotment and nature of consideration, along with nature of appointment made by our Company. Accordingly, we have relied on the other corporate records maintained by the Company such as statutory registers, and the minutes of meetings of the Board (to the extent available) to ascertain the information sought from the missing corporate records. For further details of these transfers, the allotments made by our Company in the past, and the share capital history of our Company, see "*Capital Structure*" on page 90. We cannot assure you that such untraceable corporate records and documents will be available with us in future.

In addition, the following documents of our Directors are not traceable:

- Back-ups evidencing our Promoter Rakesh Chopdar's education and his initial and subsequent appointment to the Board; and

- Back-ups evidencing our Whole-time Director Jyoti Chopdar's change in name; and

- Back-ups evidencing our Independent Director, Michael Joseph Booth's educational qualifications and past work experience.

Accordingly, we have relied on affidavits furnished by them, to disclose the details of their educational qualifications, work experience, and name, as applicable, in this Preliminary Placement Document. While we have made attempts to trace the missing documents, including writing to the relevant educational institutions for back-ups evidencing educational qualifications, there can be no assurances that they will be able to trace the relevant documents in the future.

For further details of these transfers, the allotments made by our Company in the past, and the share capital history of our Company, see "*Capital Structure - Notes to the Capital Structure – Equity share capital history of our Company*" on page 90. We cannot assure you that such untraceable corporate records and documents will be available with us in future.

24. Our insurance coverage may not be adequate to protect us against all potential losses or to satisfy potential claims, which may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Our business operations are subject to various risks and hazards, including failure or substandard performance of equipment, third party liability claims, labour disturbances, employee fraud, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. We maintain insurance policies for our manufacturing facilities and operations and our personnel, including standard fire and special perils, burglary, group health and group personal accident insurance. For further information, see "*Our Business – Insurance*" on page 128. While we believe that the insurance coverage we maintain is in keeping with industry standards and would be reasonably adequate to cover the normal risks associated with the operation of our businesses, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. For instance, in relation to the minor fire that broke out in one of our Company's manufacturing facilities in Hyderabad, Telangana the insurance settlement approved by our insurance provider was less than the total damages claimed by us. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all.

To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our business, results of operations, financial condition, cash flows and future prospects may be adversely affected. We have availed insurance in the past where the claim approved has been less than the claim made. We cannot assure that such instances will not materialise in the future.

25. Our funding requirements and proposed deployment of the proceeds from this Issue are based on management estimates and have not been independently appraised.

We intend to use the Net Proceeds for the purposes described in the section titled "*Use of Proceeds*" on page 81. The use of proceeds comprise (i) funding and part-funding capital expenditure of our Company; and (ii) general corporate purposes.

We aim to continue investing in our existing manufacturing facilities, including our manufacturing equipment and technologies to support the production of our portfolio of products. As part of such investment, we will incur expenditure towards the purchase of machinery. We are yet to place orders for the total capital expenditure. There can be no assurance that we will be able to place such orders, in a timely manner or at all. We have not entered into any definitive agreements to utilize the Net Proceeds for this use of proceed and have relied on the quotations received from third parties for estimation of the cost. While we have obtained the quotations from various vendors in relation to such capital expenditure, most of these quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. Additionally, in the event of any delay in placement of such orders, the proposed schedule of implementation and deployment of the Net Proceeds may be

extended or may vary accordingly. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. There can be no assurance that we will be able to complete such capital expenditure in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our business, results of operations, financial condition, cash flow and future prospects. The Issue expenses are estimated to be approximately ₹[●]million. For details, see "*Use of Proceeds*" on page 81. While in the past we have not faced any time and cost overruns in respect of our business operations, we cannot assure you that such expansion plans will be successfully implemented

As on the date of this Preliminary Placement Document, our funding requirements are based on management estimates and have not been appraised by any bank or financial institution. These are based on our internal management estimates, current circumstances of our business, prevailing market conditions, operating plans and the growth strategies of our Company and other commercial factors. Our management, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, delay in procuring necessary licenses and competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management and obtaining necessary approvals / consents, as applicable, in accordance with applicable law. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

26. We have entered into asset shareholders agreements and shareholders agreements dated May 9, 2024 and July 25, 2024 with our subsidiaries Azad VTC Private Limited and Azad Prime Private Limited respectively. We cannot assure you of any potential conflicts with other shareholders of our Subsidiaries.

Our subsidiaries Azad VTC Private Limited and Azad Prime Private Limited have entered into asset purchase agreements dated May 9, 2024 and July 25, 2024 with (i) VTC Surface Technologies Private Limited and V. Ravi Kumar and (ii) Leo Primecomp Private Limited and A. Vasudevan, respectively, pursuant to which certain assets of VTC Surface Technologies Private Limited and Leo Primecomp Private Limited have been acquired by our respective Subsidiaries. Further, our Company and Subsidiaries have entered into shareholders agreement with the shareholders and promoters of VTC Surface Technologies Private Limited and Leo Primecomp Private Limited, wherein such shareholders and promoters have acquired 49% shareholding in our respective Subsidiaries and our Company holds the balance 51% shareholding. While as on the date of this Preliminary Placement Document, there are no conflicts between our Company and other shareholders of our Subsidiaries, we cannot assure you that such a conflict will not arise in the future, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

27. We are dependent on third parties for the transportation and timely delivery of our products to customers.

We rely on third parties for the transportation services for the timely delivery of our products to our customers located in India and other countries. Our domestic operations use a number of different modes of transportation, including road, air and rail. Where a shipment is outbound overseas, we use a number of different modes of transportation, including road, air and sea. We also utilise third-party freight forwarders who contract with the relevant ocean carriers and airlines on our behalf and engage third-party logistics service providers to provide support on our transportation requirements. Therefore, we face a risk that there could be deficiency or interruption in these third-party services.

Disruptions of transportation services because of weather related problems, strikes, lockouts, inadequacy of road infrastructure, lack of containers or other events may affect our delivery schedules and impair our supply to our customers. To the extent that our losses are not covered by insurance, this may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Delays (including delays in customs clearance) or non-delivery of our products may also have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Although we enter into formal contracts with or issue purchase orders to our third-party logistic service providers, we may be exposed to fluctuations in

transportation and logistics costs. However, in the event that these logistic service providers are unable to continue to provide these necessary services for our operations for reasons which are beyond our control and we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations, financial condition, cash flows, future prospects and reputation may be adversely affected. While we have not faced any such instances in the past three Fiscals and nine months ended December 31, 2024, any such occurrence in the future may adversely impact our business, results of operations, financial condition, cash flows and future prospects.

28. There are outstanding legal proceedings involving our Company and adverse outcomes in such proceedings may negatively affect our business, results of operations, financial condition, cash flows and future prospects.

As on the date of this Preliminary Placement Document, our Company, our Subsidiaries, our Promoter and our Directors are involved in certain legal proceedings, which are pending at various levels of adjudication before various courts, tribunals, forums, appellate authorities or other governmental authorities. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. We may, in the future, be implicated in lawsuits including lawsuits and arbitrations involving compensation for loss due to various reasons including tax matters, civil disputes, labour and service matters, statutory notices, regulatory petitions and other matters. Litigation or arbitration could result in substantial costs to, and a diversion of effort by, us and/or subject us to significant liabilities to third parties. In addition, we are subject to risks of litigation including public interest litigation, contract, employment related, personal injury and property damage.

We cannot provide any assurance that these legal proceedings will be decided in our favour and the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred from third parties, regardless of whether we are at fault. Any adverse decision may have a significant effect on our business, results of operations, financial condition and cash flows of our Company, delay in implementation of our current or future projects and results of operations. Even if we are successful in defending such cases, we may be subject to legal and other costs incurred pursuant to defending such litigation, and such costs may be substantial and not recoverable. There can be no assurance that losses relating to litigation or arbitration will be covered by insurance or that any such losses would not have an adverse effect on our business, results of operations, financial condition and cash flows.

A summary of the nature and number of outstanding material litigation as on the date of this Preliminary Placement Document, as decided by our Board and further detailed in "*Legal Proceedings*" on page 295, involving our Company along with the amount involved, to the extent quantifiable, has been set out below:

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoter	Material civil litigations	Aggregate amount involved (₹in million)*
Company						
By the Company	Nil	Nil	Nil	Nil	Nil	Nil
Against the Company	1	77	4	Nil	Nil	145.17
Subsidiaries						
By the Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
Against the Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
Directors						
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	3	Nil	Nil	Nil
Promoter						
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	Nil	Nil	3	Nil	Nil	Nil

* *To the extent quantifiable.*

Our Company received an email dated February 17, 2025 from SEBI ("**SEBI Email**") requesting for information and confirmations in relation to suspected insider trading in the securities of our Company by certain individuals ("**Involved Persons**") during the period October 22, 2023 and April 29, 2024. Further, our Company received similar inquiry from NSE to which our Company responded and there have been no further correspondence. Our Company has responded to the SEBI Email on February 25, 2025 with the requisite information and confirmations. For further details see "*Legal Proceedings*" on page 295. We cannot assure you that investigation/ proceedings will not be initiated by the SEBI against our Company, Promoters, Directors, KMPs, insiders, designated persons and / or auditors **(**collectively the **"Insiders")**, in this regard, and that such proceeding will be successfully defended. In the event there are any investigations or proceedings initiated in this matter or other similar matters that may arise in future, our management's time and attention will be diverted to such investigations or proceedings and the same may involve significant cost to defend and/ or settle the matter in accordance with applicable laws. Further, any adverse findings as part of such potential investigations / proceedings may result in criminal and / or civil actions against any of the Insiders including the imposition of fines and penalties against any of them. Such actions may expose us to legal and business consequences and reputational harm which could have a material adverse effect on our financial condition and results of operations.

We cannot assure you that we will not be subject to any legal proceedings or regulatory actions. In addition, we cannot assure you that no additional liability will arise out of these proceedings that could divert our management's time and attention and consume financial resources. Any adverse order or direction in these cases by the concerned authorities even though not quantifiable, may have an adverse effect on our business, results of operations, financial condition and cash flows. For further details, please refer to "*Legal Proceedings*" on page 295. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

29. There have been certain instances of non-compliances of certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for which the NSE and BSE has levied penalty from our Company in the past. We may be subject to such penalties for any such non-compliance in the future and our business, financial condition and reputation may be adversely affected.

In the past, our Company has received email dated June 28, 2024 from BSE and NSE wherein they had imposed a monetary penalty aggregating to ₹11,800 each against our Company for alleged non-compliance with Regulation 23(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to delay in disclosure of related party transactions. Subsequently, our Company has paid the requisite fines to BSE and NSE. However, we cannot assure you that we will not be subject to any such penalties or regulatory actions in the future, which may adversely affect our business, financial condition and reputation.

30. If we are unable to obtain, protect or use our intellectual property rights, our business may be adversely affected.

We rely on our intellectual property for the success of our business. Our domain name may expire, and we cannot assure you that we will be able to renew it after expiry. Further, while applications have been made for the two trademarks they are yet to be registered and the device mark applied by us is objected and opposed as of the date of this Preliminary Placement Document. The lack of such registration adversely affects our ability to protect such intellectual property. Our failure to register or protect our intellectual property rights may undermine our brand and hinder the growth of our business and adversely affect our competitive position and, in turn, our business, brand reputation, financial condition, cash flows, future prospects and results of operations. For further details, see "*Our Business – Intellectual Property* on page 128. While we intend to defend against any threats to our intellectual property, we cannot assure you that our intellectual property rights can be adequately protected in a timely manner. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving and could expose us to substantial risks and costs. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, financial conditions, cash flows and future prospects.

Further, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights which may force us to alter our offerings. If such claims are raised against us in the future, they could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into

potentially expensive royalty or licensing agreements or to cease use of certain of our brands, can result in significant damages being awarded and injunctions that could prevent us from offering our products. In addition, there is no assurance that steps taken by us to protect our intellectual property rights will be adequate to stop infringement by others, including imitation and misappropriation of our brand. Any of the foregoing could have an adverse effect on our business, results of operations, financial conditions, cash flows and future prospects.

31. The activities carried out at our manufacturing facilities, including any hazardous activity, can cause injury to people or property in certain circumstances.

The activities at our manufacturing facilities may pose potential risks to our employees. While we strive to maintain a safe and healthy working environment in compliance with applicable occupational health and safety regulations, as well as environmental management system standards, the possibility of accidents cannot be eliminated. Despite having adequate insurance coverage, including accident policies, unforeseen incidents may still occur. Such accidents could result in personal injury to employees or laborers, damage to property or equipment, disruptions in manufacturing or delivery schedules, environmental harm, or even the suspension of operations and imposition of liabilities. We have implemented comprehensive employee safety manuals, hazard identification protocols, and periodic risk assessments to mitigate these risks. However, our operations remain susceptible to significant hazards, including explosions, fires, mechanical failures, inclement weather, natural disasters, and the accidental discharge or release of hazardous substances, chemicals, or gases, among other environmental threats. For instance, in the past, a technical error in a machine led to an accident in our manufacturing facility leading to the death of an employee, and an FIR was filed against our Company. Thereafter, our Company paid compensation to the family of the employee under Employee's Compensation Act, 1923 and subsequently the matter was closed.. Similarly, any such future accidents may result in litigation, the outcome of which is difficult to assess or quantify, the cost to defend such litigation can be significant and our insurance may not be sufficient to provide complete coverage. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, results of operations, financial condition, cash flows and future prospects.

Our operations are subject to operating risks associated with manufacturing, including related to handling and storage of raw materials used in our manufacturing processes. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems
- inclement weather and natural disasters; and
- discharges or releases of hazardous substances, chemicals or gases.

The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. We may also face claims and litigation, in India or overseas, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our manufacturing facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

32. Our Company has operated manufacturing facilities in the past without obtaining the requisite government approvals. These manufacturing facilities are subject to risks of not receiving the necessary regulatory approvals in time or at all and our Company may face regulatory actions in relation to any such non-receipt of regulatory approvals.

In the past, our Company has operated manufacturing facilities at plot numbers (i) D-42 and 43, and (ii) 63A, in Jeedimetla, Qutubullapur, Medchal-Malkajgiri, Hyderabad, Telangana, without obtaining the factory licenses for such facilities. Our Company applied for and received the necessary factory licenses subsequent to commencement of operations at these manufacturing facilities. There can be no assurance that our Company will not face any future litigation or regulatory action for not obtaining the factory licenses in time for operating these manufacturing facilities.

33. Non-compliance with and changes in, safety, health, factories, import export, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection, factories, import export and labour. These laws and regulations impose controls on air and water discharge, biomedical waste, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our manufacturing processes are also subject to laws and regulations in relation to quality, safety and health.

Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that hazardous into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation and regulatory actions, which could lower our profits in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

We are also subject to the laws and regulations governing employees, labour, including in relation to minimum wage and maximum working hours, overtime, working conditions, maternity leave, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. If we are unable to remain in compliance with all applicable environmental, health and safety and labour laws, including pursuant to either any inadvertent actions or inaction by our Company or factors that may be outside the direct control of our Company, our business, results of operations, financial condition, cash flows and future prospects may be adversely affected.

Under the legal framework we operate in, we are also required to obtain and maintain a number of statutory and regulatory permits, approvals, licenses, registrations and permissions for carrying out our business and operations. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

Further, in the past, while we had not obtained initial factory licenses for our facilities located at plot numbers (i) D42 and 43, and (ii) 63A, in Jeedimetla, Qutubullapur, Medchal-Malkajgiri, Hyderabad, Telangana, we have subsequently applied and obtained the factory licenses from the concerned regulatory authorities for these facilities.

We cannot assure you that the relevant regulatory or statutory authorities will not initiate actions against us for carrying out our operations without applying for and holding valid approvals, as applicable. In the event that we are unable to obtain such approvals in a timely manner or at all, our business operations may be adversely affected.

34. Cyber risk and the failure to maintain the integrity of our operational or security systems or infrastructure, or those of our customers or other third parties with which we conduct business, could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Cyber threats are evolving and are becoming increasingly sophisticated. Our Company may experience cyber threats from time to time, which pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. All information technology systems remain potentially vulnerable to damage or interruption from a variety of sources, including but not limited to software and hardware failure, cyber-attacks, computer viruses and security breaches. There have been no instances of the loss / leakage of confidential information from our Company's IT systems or due to cyber-attacks on our Company in the last three Fiscals and the nine months ended December 31, 2024. Disruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, or cyber-attacks or security breaches of our networks or systems in the future, could result in the loss of customers and business opportunities, legal liability, regulatory

fines, penalties or intervention, other litigation, regulatory and legal risks and the costs associated therewith, reputational damage, reimbursement or other compensatory costs, remediation costs, increased cybersecurity protection costs, additional compliance costs, increased insurance premiums, and lost revenues, damage to the Company's competitiveness, share price, and long-term shareholder value, any of which could adversely affect our business, results of operations, financial condition, cash flows and future prospects.

We also maintain and have access to sensitive, confidential, personal data or information, including technical data of our customers who issue technical drawings and specifications of the product to us in the ordinary course of our business which is subject to privacy and security laws and regulations. Despite our efforts to protect such sensitive, confidential, personal data or information including technical data of our customers, our manufacturing facilities and systems and those of our customers and third-party service providers may be vulnerable to security breaches, theft, fraud, misplaced or lost data, programming and/or human errors that could lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, manufacturing downtimes and operational disruptions, which in turn could adversely affect our business, results of operations, financial condition, cash flows and future prospects. Further, our legacy data is in the process of moving from an existing system to a new enterprise resource planning database. We cannot assure you that such data migration will be seamless and that there would be no loss of our legacy data which could adversely affect our business, results of operations, financial condition, cash flows and future prospects.

35. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest.

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties including for payment of remuneration to our KMPs, rental expenses in relation to our Erstwhile Subsidiaries, sales and purchases with certain Erstwhile Subsidiaries, loans and advances to certain Erstwhile Subsidiaries. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties.

While we will conduct all related party transactions in compliance with the provisions of Companies Act, 2013, provisions of the SEBI Listing Regulations and other applicable law, such related party transactions may potentially involve conflicts of interest, which may be detrimental to our Company and may have an adverse impact on our Company, and which our Company will endeavour to duly address as and when they may arise. However, we cannot assure you that any such future transactions, individually or in the aggregate, may not involve potential conflicts of interest which will not have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

36. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. Further, our failure to keep our technical knowledge confidential could erode our competitive advantage.

If our products and technologies become obsolete for various factors, our business and results of operations could be adversely affected. Although we strive to maintain and upgrade our technologies, facilities and machinery consistent with current national and international standards, the technologies, facilities and machinery we currently use may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant, which could adversely affect our business, results of operations and financial condition. Any failure on our part to effectively address such situations, innovate and keep up with technological advancements or to successfully introduce new products and services in these areas, could adversely affect our business, results of operations, financial condition and cash flows.

37. Technology failures could disrupt our operations and adversely affect our business operations and financial performance.

IT systems are critical to our ability to manage our production process, inventory management, customer management, financial management, data handling, and supply chain management and in turn, to maximize efficiencies and optimize costs. Our IT systems enable us to coordinate our operations, from production to logistics and transport, invoicing, customer relationship management and decision support.

If we do not allocate and effectively manage the resources necessary to implement and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies and, in some instances, loss of customers. Challenges relating to the revamping or implementation of new IT structures can also subject us to

certain errors, inefficiencies, disruptions and, in some instances, loss of customers. Our IT systems, and the systems of our third party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues.

38. Failures in internal control systems could cause operational errors which may have an adverse impact on our profitability.

We are responsible for establishing and maintaining adequate internal control measures commensurate with the size and complexity of operations. Internal control systems comprising policies and procedures are designed to ensure sound management of our operations, safekeeping of our assets, optimal utilization of resources, reliability of our financial information and compliance. The systems and procedures are periodically reviewed and routinely tested and cover all functions and business areas.

While we believe that we have adequate controls, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. While there have been no such instances in the three preceding Fiscals and the nine months ended December 31, 2024, if internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. These factors may have an adverse effect on our reputation, business, results of operations, cash flows and financial condition. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

39. Pricing pressure from customers may affect our gross margin, profitability and ability to increase our prices, which in turn may adversely affect our business, results of operations, cash flows and financial condition.

Pursuing cost-cutting measures while maintaining rigorous quality standards may lead to an erosion of our margins, which may have an adverse effect on our business, results of operations, cash flows and financial condition. In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. We must be able to reduce our operating costs in order to maintain profitability. Such price reductions may affect our sales and profit margins. If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations, cash flows and financial condition may be adversely affected. There can be no assurance that we will be able to avoid future customer price reductions or offset the impact of any such price reductions through continued technology improvements, improved operational efficiencies, cost-effective sourcing alternatives, new manufacturing processes, cost reductions or other productivity initiatives, which may adversely affect our business, results of operations, cash flows and financial condition.

40. Our failure to keep our technical knowledge confidential could erode our competitive advantage.

Our employees possess extensive knowledge about our commercial decisions and business development strategies. Such knowledge is a significant independent asset, which may not be adequately protected by employment agreements with our employees. As a result, we cannot be certain that such knowledge will remain confidential in the long run.

Even if all reasonable precautions, whether contractual or otherwise, are taken to protect our confidential knowledge of our business, there is still a danger that certain proprietary knowledge may be leaked, either inadvertently or wilfully. A significant number of our employees have access to confidential design and production information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our competitors. Although we may seek to enforce confidentiality obligation in terms of our staff rules, we cannot guarantee that we will be able to successfully enforce such rules. While no such instances have occurred in the last three Fiscals and the nine months ended December 31, 2024, in the event that the confidential technical information in respect of our business becomes available to third parties or to the general

public, any competitive advantage that we may have over other companies could be harmed. If our competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult and/ or expensive for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

Our Company has taken various steps to protect the technical confidential information of our Company and of our customers, which includes restricting access to our computer systems.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the manufacturing process. Consequently, while no confidential technical information of our Company has been leaked in the last three Fiscals and the nine months ended December 31, 2024, any leakage of confidential technical information in the future could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

41. Our contingent liabilities could adversely affect our financial condition if they materialise.

As at March 31, 2024, our contingent liabilities, as per Ind AS 37 - provisions, contingent liabilities and contingent assets, that have not been provided for are as set out in the table below:

Particulars	As at March 31, 2024 (₹ million)
Direct tax	27.23
Goods and service tax	9.51
Customs Duty	75.11

For further information on our contingent liabilities, see "*Financial Statements*" on page 95.

If any of these contingent liabilities materialises, our results of operations and financial condition may be adversely affected.

42. A downgrade in our credit rating could adversely affect our ability to raise capital in the future.

Our Company has received "CARE A-; Stable for long term bank facilities" and "CARE A-; Stable / CARE A2+ for long term / short term bank facilities" credit rating from CARE Ratings Limited pursuant to its rating rationale dated November 13, 2023. Our credit ratings, which are intended to measure our ability to meet our debt obligations, are a significant factor in determining our finance costs. The interest rates of certain of our borrowings may be significantly dependent on our credit ratings. A downgrade of our credit ratings could lead to greater risk with respect to refinancing our debt and would likely increase our cost of borrowing and adversely affect our business, results of operations, financial condition, cash flows and future prospects.

43. Failure to maintain confidential information of our customers could adversely affect our business, results of operations, cash flows and financial condition or damage our reputation.

We are required to keep confidential certain details of our customers pursuant to the respective agreements with such customers. In the event of any breach or alleged breach of our confidentiality arrangements with our customers, these customers may initiate litigation against us for breach of confidentiality obligations. Moreover, if our customers' confidential information is misappropriated by us or our employees, our customers may seek damages and compensation from us. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have an adverse effect on our business, results of operations, cash flows and financial condition. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

44. If we inadvertently infringe on the intellectual property rights of others, our business and results of operations may be adversely affected.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licences or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a licence, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licences or design modifications can be extremely costly. Further, necessary licences may not be available to us on satisfactory terms, if at all. In addition, we may decide

to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. While we have not faced any such instances in the past, however, any of the foregoing could adversely affect our business, results of operations and financial condition in the future.

45. We have working capital requirements and may require additional financing to meet those requirements, which could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Our Company requires working capital to finance our inventory, direct costs and indirect costs before payment is received from customers. Set out below are the certain details pertaining to our working capital requirements, including our debt service coverage ratio, current ratio, interest coverage ratio and net working capital for the six months ended September 30, 2024 and Fiscals 2024, 2023 and 2022:

Particulars	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Debt service coverage ratio[(1)]	NA	2.37	1.35*	1.51
Current ratio[(2)]	3.12	4.29	1.91	1.13
Interest coverage ratio[(3)]	7.37	2.03	1.06	3.60
Net working capital[(4)] (₹ million)	3,263.75	3,234.86	1,354.21	197.97
Total borrowings[(5)] (₹ million)	1,483.05	371.57	3,006.01	1,971.80
Total current assets (₹ million)	4,802.38	4,217.08	2,836.29	1,676.73
Total current liabilities (₹ million)	1,538.63	982.22	1,482.08	1,478.76
Finance costs (₹ million)	81.53	472.65	523.82	136.16

Notes:

(1) Debt service coverage ratio = (Net profit after taxes + Depreciation expenses + Finance Cost) / (Interest & Lease Payments + Principal Repayments). Debt service coverage ratio for the six months ended September 30, 2024 is not annualised.

(2) Current ratio = (Current Assets) / Current Liabilities).

(3) Interest coverage ratio = (Earnings before interest and taxes excluding other income) / Finance cost.

(4) Net working capital = (Current assets – Current Liabilities).

(5) Total borrowings include current and non-current borrowings.

** Does not include the DMI OCD redemption which was funded through PSCOF CCDs*

The actual amount and timing of our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the industries in which we operate. Our sources of additional financing, required to meet our working capital requirements and capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

46. We depend on our brand recognition. Negative publicity, failure to maintain and enhance awareness of our brand or any damage to our reputation could have an adverse effect on our business.

Our reputation is a key asset of our business. As part of our business operations, we provide a wide range of products and our ability to attract and retain clients and repeat customers is highly dependent on the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters or others could erode trust and confidence and damage our reputation among existing and potential clients, which could make it difficult for us to attract new clients and maintain existing ones as mentioned above. If we fail to maintain this brand recognition with our existing and target customers due to any issues with our product offerings, a deterioration in product quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our products are provided declines, market perception and customer acceptance of our brands may also decline. Also, see " *– If we are unable to obtain, protect or use our intellectual property rights, our business may be adversely affected.*" on page 60.

While there have been no such instances in the preceding three Fiscals and nine months ended December 31, 2024, which have adversely impacted our brand or reputation, any adverse change in the quality of our products,

including due to reasons beyond our control, or adverse publicity and media coverage, even when false, could tarnish the image of our brand, result in negative reviews and feedback from our customers.

47. Our ability to pay dividends in the future will depend on a number of factors, including but not limited to our earnings, financial condition, profit after tax available for distribution, cash flow, cash balance, debt-raising capacity, working capital requirements, liquidity and return ratios and restrictive covenants of our financing arrangements.

Our ability to pay dividends in the future will depend on our earnings, financial condition, profit after tax available for distribution, cash flow, cash balance, debt-raising capacity, working capital requirements, liquidity and return ratios and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and applicable law, including the Companies Act, 2013. We have adopted a dividend distribution policy pursuant to a resolution of the Board dated September 13, 2023, which lays down the principles for distribution of dividend by our Company to our Shareholders and sets out *inter alia* the financial parameters and/or internal and external factors to be considered by our Company before declaring or recommending dividend to Shareholders and the circumstances under which Shareholders may or may not expect dividend. For more information, see "*Dividends*" on page 94. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that the Equity Shares will appreciate in value.

48. Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document is based on various assumptions and estimates and future production and capacity may vary.

Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity, actual production and capacity utilization. Actual production levels and future capacity utilization rates may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on our historical installed capacity, actual production and capacity utilization for our existing manufacturing facilities included in this Preliminary Placement Document.

49. Our Promoter will continue to retain significant shareholding in our Company after the Issue, which will allow it to exercise control over us.

Post completion of the Issue, our Promoter is expected to retain majority shareholding in our Company will continue to exercise control over our business and all matters requiring Shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our charter documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. There can be no assurance that our Promoter will exercise its rights as a Shareholder to the benefit and best interests of our Company. The interests of our Promoter, as our Company's significant Shareholder and exercising control over our Company, could be different from the interests of our other Shareholders and their influence may result in change of management or control of our Company, even if such a transaction may not be beneficial to our other Shareholders.

50. Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by EY exclusively commissioned and paid for by us for such purpose.

We have availed the services of an independent third-party research agency, EY LLP, appointed by our Company pursuant to engagement letter dated February 3, 2025 and paid for by us, to prepare an industry report titled "*EY report on assessment of the components of energy turbine, oil drilling, aerospace & defence industry*" dated

February 21, 2025 for purposes of inclusion of such information in this Preliminary Placement Document to understand the industry in which we operate. This report is subject to various limitations and is based upon certain assumptions that are subjective in nature. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Preliminary Placement Document. The EY Report uses certain methodologies for market sizing and forecasting. Accordingly, investors should read the industry related disclosure in this Preliminary Placement Document.

51. Some of our Directors, our Promoter, Senior Management Personnel and Key Managerial Personnel have interests other than reimbursement of expenses incurred and normal remuneration or benefits in our Company.

Some of our Directors, our Promoter, Senior Management Personnel and Key Managerial Personnel are interested in our Company in addition to regular remuneration or benefits and reimbursement of expenses from our Company, and such interests are to the extent of their shareholding and shareholding of their relatives in our Company, payment of dividend or distributions thereon.

Our Promoter has entered into two share purchase agreements each dated September 16, 2023 to purchase 13,150 equity shares and 50,350 equity shares of our Erstwhile Subsidiaries i.e., Swastik Coaters Private Limited and Rouland Chemicals Private Limited, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities, respectively, for a consideration of ₹ 4,628 per equity share of Swastik Coaters Private Limited and ₹ 1,152 per equity share of Rouland Chemicals Private Limited, as determined in terms of valuation reports obtained by us.

Swastik Coaters Private Limited and Rouland Chemicals Private Limited hold the free hold title to the land situated at Plot Number 90/C in Survey Numbers 298/A and 299/2, all situated at phase - 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal - Malkajgiri District, Telangana, India and Plot Number 90/D in Survey Number 299/2, situated at phase - 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal - Malkajgiri District, Telangana, India on which one of our current manufacturing facilities are situated (collectively the "**Subject Land**"). Swastik Coaters Private Limited and Rouland Chemicals Private Limited have pursuant to lease deeds dated September 27, 2023, leased their respective portions of the Subject Land to our Company for a period of 10 years with effect from September 1, 2023 for a monthly lease rental of ₹0.12 million under each of the lease deeds, along with the applicable goods and services taxes applicable on such payment under both lease deeds with a 5% annual escalation. Further, our Company has paid ₹4.96 million each to Rouland Chemicals Private Limited and Swastik Coaters Private Limited, respectively, as security deposit under the lease deeds which is required to be refunded on termination or expiry of the lease deeds. Our Company has the right to terminate each of the aforesaid lease deeds at any time by giving 30 days' notice upon commencing commercial operations at our upcoming manufacturing facility at Tuniki Bollaram village in Siddipet district, Telangana. Further, our Company entered into a lease deed dated March 22, 2024 with Agrima Logi Park, a sole proprietary firm, represented by one of our Directors and member of our Promoter Group, Jyoti Chopdar for the land situated at Plot Number 90/E in Survey Number 299/2 situated at phase – 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal – Malkajgiri District, Telangana, India, along with the buildings thereon for a period of 10 years with effect from March 1, 2024.

Further, our Promoter has entered into a sale deed agreement dated September 27, 2023 with our Company to purchase land located at Plot No 66, in Survey No. 735(P), admeasuring 843.52 square meters situated at Phase – II, Kukatpally village and mandal, Medchal - Malkajgiri District, Hyderabad, Telangana ("**Medchal - Malkajgiri Land**"). The Medchal - Malkajgiri Land is free from all encumbrances, charges, claims, mortgages, and litigations. Our Promoter has paid a consideration amount of ₹42.02 million to our Company for the Medchal - Malkajgiri Land.

For further details see, " – *We are dependent on our Promoter and our management team, senior management personnel and key managerial personnel and the loss of any key team member may adversely affect our business performance*." on page 49.

52. Our Directors or Promoter may enter into ventures that may lead to real or potential conflicts of interest with our business.

Our Directors and Promoter may become involved in ventures that may potentially compete with our Company. The interests of our Directors and our Promoter may conflict with the interests of our other Shareholders, and our Directors or Promoter may, for business considerations or otherwise, cause our Company to take actions, or refrain

from taking actions, in order to benefit their interests instead of our Company's interests or the interests of its other Shareholders.

Further, our Promoter and Directors have, as on the date of this Preliminary Placement Document, not undertaken any business in conflict with our Company. However, we cannot assure you that such a conflict will not arise in the future, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

53. Certain Non-GAAP financial measures and other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These Non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable with those presented by other companies.

Certain Non-GAAP financial measures and other statistical information relating to our operations and financial performance such as gross profit, gross profit margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted profit for the year/period, adjusted profit margin, interest coverage ratio, return on capital employed and adjusted return on capital employed ("**Non-GAAP Measures**") have been included in this Preliminary Placement Document. We compute and disclose such Non-GAAP Measures and other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS. These Non-GAAP Measures should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these Non-GAAP Measures are not standardized terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible.

We track such operating metrics with internal systems and tools, and our methodologies may change over time. If such internal systems and tools undercount or overcount performance, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates, there are inherent challenges and limitations with respect to how we measure data. This may also affect our understanding of certain details of our business, which could affect our long-term strategies. If we discover material inaccuracies in the operating metrics we use, or if they are perceived to be inaccurate, our reputation may be harmed, and our evaluation methods and results may be impaired, which could negatively affect our business. If investors make investment decisions based on operating metrics that are inaccurate, we may also face potential lawsuits or disputes with investors or regulators.

For more information on the non-GAAP financial measures used in this Preliminary Placement Document, see "*Definitions and Abbreviations*", "*Our Business*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 24, 96, 95 and 130, respectively.

EXTERNAL RISK FACTORS

External Risk Factors

54. Changing laws, rules and regulations in India could lead to new compliance requirements that are uncertain.

Our business, financial performance, cash flow and results of operations could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Our business, cash flows, results of operations and prospects may be adversely impacted, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. The regulatory and policy environment in which we operate are evolving and are subject to change. The GoI and state governments may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI, state governments and other regulatory bodies, or impose onerous requirements.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. For instance, the GoI has recently introduced the Code on Social Security, 2020 ("**Social Security Code**"); the Occupational Safety, Health and Working Conditions Code, 2020; the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labour legislations (collectively, the "**Labour Codes**"). The GoI has deferred the effective date of implementation

of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund. Additionally, the Wages Code restricts the portion of wages that can be excluded from calculations for employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the total wages paid to employees. The enforcement of these laws could lead to higher employee and labour costs, which in turn could have a detrimental effect on our operational results, cash flow, business, and overall financial health.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows, financial condition and prospects. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our financial conditions, cash flows and results of operations.

55. Political, economic or other factors including but not limited to any changes in laws, rules and regulations and legal uncertainties that are beyond our control may have an adverse impact on our business, financial condition, results of operations and cash flows.

The following external risks may have an adverse impact on our business, financial condition, results of operations and cash flows, should any of them materialize:

- increase in interest rates may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- high rates of inflation may increase our employee costs and decrease demand for our products and services, which may have an adverse effect on our profitability and competitive advantage, to the extent that we are unable to pass on increased employee costs by increasing cost of our products and services;
- a downgrade of India's sovereign rating by international credit rating agencies may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a change in the trade policies, in terms of tariff and non-tariff barriers, in the countries from which we import raw materials and to which we export our products, may have an adverse effect on our profitability;
- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely impact our financial condition;
- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India;
- the occurrence of natural or man-made disaster or epidemic or pandemic may adversely affect economic conditions in India; and
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the financial markets, which may impact our business, financial condition, results of operations and cash flows.

Any of the aforementioned may adversely impact our operations business, financial condition, results of operations and cash flows.

56. Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics and man-made disasters, including acts of war, terrorist attacks and other events such as political instability, including strikes, demonstrations, protests, marches or other types of civil disorder, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn adversely affect our business, financial condition, cash flows and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and the COVID-19. As a result, any future outbreak of a contagious disease could have an adverse effect on our business and the trading price of the Equity Shares.

57. The price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Issue Price, or at all.

Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares. There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after the Issue could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Preliminary Placement Document. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including, among others:

- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our Shareholders;
- investor perception of us and the industry in which we operate;
- changes in accounting standards, policies, guidance, interpretations of principles;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations; and
- the public's reaction to our press releases and adverse media reports.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

58. An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE and may not enter into any off-market transactions in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

59. A downgrade in ratings of India and other jurisdictions we operate in may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any further adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

60. We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects. The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, financial condition, cash flows and results of operations.

The Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") was recently notified. The Competition Amendment Act amends the Competition Act and give the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

61. Financial and political instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States of America, Europe and certain emerging economies in Asia. Ongoing conflicts across the world could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility and trade restrictions could result in increased volatility in the markets for certain securities and commodities and may cause inflation. Any worldwide financial instability including possibility of default in the US debt market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the

trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects.

62. The Indian tax regime has undergone substantial changes which could adversely affect our business and the trading price of the Equity Shares.

Any change in Indian tax laws could have an effect on our operations. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("**GST**"), and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the GoI has amended the Income-tax Act, 1961 ("**IT Act**") to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, we are required to withhold tax on such dividends distributed at the applicable rate.

The Government of India announced the union budget for Fiscal 2026, following which the Finance Bill, 2025 ("**Finance Bill**") was introduced in the Lok Sabha on February 1, 2025. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. There is no certainty on the impact that the prevailing tax laws may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether if at all, any laws or regulations would have an adverse effect on our business. Further, any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. In addition, we are subject to tax related inquiries and claims.

63. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our financial statements are prepared in accordance with Ind AS. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

64. Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. Any disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

65. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

66. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including those in relation to class actions under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

67. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers thereby reducing our margins.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, financial condition and cash flows. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our consumers. In such case, our business, results of operations, financial condition and cash flows may be adversely affected. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

68. We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

We may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Issue due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

69. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any capital gains exceeding ₹125,000, realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the rate of 12.5% (plus applicable surcharge and health and education cess). This beneficial provision is, *inter alia*, subject to payment of STT. The exemption of ₹125,000 will not apply if the listed equity shares are sold using any platform other than a recognized stock exchange and on which no STT has been paid. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India at the rate of 20% (plus applicable surcharge and health and education cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates. Non-resident investors may claim relief under the beneficial provisions, if any, of the treaty between India and the country of which such investor is resident, read with the Multilateral Instrument, if and to the extent applicable. However, generally, Indian tax treaties do not limit India's right to impose a tax on capital gains arising from the sale of shares of an Indian company. As a result, non-resident investors may be liable for tax in India as well as in their own jurisdiction on a gain realized upon the sale of equity shares. They may, however, be eligible for tax credit in their home country as per the law prevailing in the home country. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

70. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign

exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. Further, due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

The Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

71. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a Shareholder's ability to sell, or the price at which a Shareholder can sell, the Equity Shares at a particular point in time.

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by the Stock Exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker applicable to the Equity Shares is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may change the percentage limit of the circuit breaker from time to time without our Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot assure you regarding the ability of Shareholders to sell the Equity Shares or the price at which Shareholders may be able to sell their Equity Shares, which may be adversely affected at a particular point in time.

72. Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Lead Manager or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.

It may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For details on recognition and enforcement of foreign judgments in India, see "*Enforcement of Civil Liabilities*" on page 21. A party seeking to enforce a foreign judgment in India may be required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

Further, a party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court

if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India.

73. Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by Shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

74. Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

MARKET PRICE INFORMATION

The Equity Shares have been listed on BSE and NSE since December 28, 2023. As on the date of this Preliminary Placement Document, 59,112,993 Equity Shares have been issued, subscribed and paid up. The Equity Shares are listed and traded on NSE under the symbol AZAD and BSE under the scrip code 544061.

As of February 24, 2025, the closing price of the Equity Shares on BSE and NSE was ₹1,316.95 and ₹1,317.10 per Equity Share, respectively. Since Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the NSE and the BSE on the dates on which such high and low prices were recorded and the total trading turnover for the Financial Years ended March 31, 2024, March 31, 2023, and March 31, 2022:

BSE

Fiscal	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total Turnover of Equity Shares traded on date of high (₹ in millions)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)	Total number of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in million)
2024	1,399.00	March 4, 2024	60,465	83.68	658.90	January 8, 2024	68,601	45.14	996.21	4,643,346	4,111.52
2023	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

(Source: www.bseindia.com)
NA – Not Applicable.
Note:
1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

NSE

Fiscal	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total Turnover of Equity Shares traded on date of high (₹ in millions)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)	Total number of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in million)
2024	1,400.25	March 4, 2024	6,56,805	911.80	659.15	January 17, 2024	2,69,257	178.57	996.46	60,600,599	52,771.37
2023	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

(Source: www.nseindia.com)
NA – Not Applicable.
Note:
1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(ii) The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the turnover of Equity Shares traded in each of the last six months preceding this Preliminary Placement Document:

BSE

Month	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in million)
January, 2025	1,884.70	January 03, 2025	62,007	117.19	1,317.20	January 28, 2025	73,424	97.26	1,641.30	5,65,714	927.74
December, 2024	1,816.50	December 11, 2024	19,394	35.03	1,660.00	December 20, 2024	4,532	7.64	1,736.63	597,710	1,050.02
November, 2024	1,756.40	November 25, 2024	97,435	167.38	1,461.10	November 1, 2024	4,662	6.83	1,634.81	578,622	957.98
October, 2024	1,581.10	October 18, 2024	9,126	14.13	1,336.50	October 7, 2024	32,200	43.48	1,463.35	265,565	385.10
September, 2024	1,600.45	September 5, 2024	8,825	14.22	1,460.00	September 30, 2024	7,025	10.28	1,523.80	316,123	484.13
August, 2024	1,659.55	August 12, 2024	11,191	18.22	1,525.3	August 6, 2024	12,459	19.24	1,610.70	379,085	611.58

(Source: www.bseindia.com)

Note:

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE

Month	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in million)
January, 2025	1885.45	January 03, 2025	561,986	1,064.01	1,316.80	January 28, 2025	550,657	731.85	1,641.17	54,90,714	9,063.95
December, 2024	1,815.40	December 11, 2024	304,688	550.86	1,659.10	December 20, 2024	101,696	171.94	1,736.28	3,584,998	6,328.93
November 30, 2024	1,754.30	November 25, 2024	1,226,288	2,105.57	1,461.80	November 1, 2024	14,398	21.08	1,634.79	8,460,745	14,009.13
October, 2024	1581.10	October 18, 2024	153,451	238.90	1,336.95	October 7, 2024	186,212	250.87	1,463.13	2,602,716	3,798.02
September, 2024	1,600.40	September 05, 2024	261,174	421.23	1,459.25	September 30, 2024	117,937	172.57	1,523.91	3,486,792	5,351.64
August, 2024	1,659.10	August 12, 2024	170,210	278.39	1,541.24	August 6, 2024	153,143	236.03	1,610.54	2,775,462	4,465.91

(Source: www.nseindia.com)

Note:

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(iii) The following table sets forth the market price on the Stock Exchanges on January 6, 2025 that is, the first Working Day following the approval dated January 3, 2025 of our Board of Directors for the Issue:

BSE						NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in million)**	**Open (₹)**	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in million)**
1,884.00	1,913.25	1,756.25	1,767.60	28,249	51.67	1,894.90	1,915.45	1,756.00	1,766.80	466,488	852.49

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue are expected to be approximately ₹[●] million ("**Gross Proceeds**").

Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and the estimated expenses of the Issue (of approximately ₹[●] million), are approximately ₹[●] million ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, as approved by our Board, we propose to utilise the Net Proceeds for the following objects:

1. Funding and part-funding the capital expenditure of our Company; and

2. General corporate purposes.

(collectively, referred to herein as the "**Objects**").

The main objects clause and the objects incidental and ancillary to the main objects clause set out in the Memorandum of Association enables us to (i) undertake our existing business activities; (ii) undertake the activities for which the funds are being raised by us in the Issue and are proposed to be funded from the Net Proceeds; and (iii) undertake the activities for which the borrowings proposed to be repaid/ prepaid from the Net Proceeds were utilised.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Sr. No.	Particulars	Estimated amount (₹ in million)
1.	Funding and part-funding the capital expenditure of our Company[(2)]	5,250
2.	General corporate purposes[(1)]	[●]
Total Net Proceeds[(1)]		[●]

(1) To be determined upon finalisation of the Issue Price and updated in the Placement Document. The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.

(2) As certified by Posinasetty Kanaka Rao, independent chartered engineer by way of their certificate dated February 25, 2025.

In the event of a change in the final Issue size, the amounts shown in the table above against each of the use of proceeds specified therein shall be modified basis the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in million)

Particulars	Estimated amount proposed to be funded from the Net Proceeds	Estimated deployment in Fiscal 2025	Estimated deployment in Fiscal 2026	Estimated deployment in Fiscal 2027
Funding and part-funding the capital expenditure of our Company	5,250	Over a period of two Fiscals		-
General corporate purposes[(1)]	[●]	[●]	[●]	[●]
Total[(1)]	[●]	[●]	[●]	[●]

(1) To be determined upon finalisation of the Issue Price and updated in the Placement Document. The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as set out above are based on our internal management estimates, current circumstances of our business, prevailing market conditions, operating plans and the growth strategies of our Company and other commercial factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution or any other independent agency. For details, see "*Risk Factors - Our funding requirements and proposed deployment of the proceeds from this Issue are based on management estimates and have not been independently appraised*" on page 57. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and

strategy, delay in procuring necessary licenses and competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management and obtaining necessary approvals / consents, as applicable, in accordance with applicable law. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

Further, in case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue, subject to compliance with applicable law, or from internal accruals. In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, due to the reasons stated above, the same shall be utilised in the next fiscal year, as may be determined by our Board, in accordance with applicable laws.

Subject to compliance with applicable laws, in case of any variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments. Our Company's management, in accordance with the policies of the Board and as per applicable laws, shall have flexibility in utilising surplus amounts, if any.

Details of the Objects

1. Funding and part-funding the capital expenditure requirements of our Company

We aim to continue investing in our existing and upcoming manufacturing facilities, including our manufacturing equipment and technologies to support the production of our portfolio of products. As part of such investment, we will incur expenditure towards the purchase of various types of machineries and equipment as mentioned in the table below.

These machineries and equipment are used for high-precision manufacturing and complex parts measurement in aerospace, energy, and oil and gas industries, Such machineries and equipment ensure the accuracy and reliability of critical components, such as turbine blades, engine parts, and drilling tools. Further, technologies like computer numerical control machine, coordinate measuring machines, and non-destructive testing systems are employed to maintain quality standards.

Our Company intends to utilise ₹5,250 million from the Net Proceeds to purchase such machineries and equipment by way of the following The Company will utilise internal accruals and other mode of funding such as availing debt, for purchase of the remaining machineries and equipment, to the extent required for its business purposes.

In addition to estimated expenses mentioned above, there may be revision in the final amounts payable towards categories pursuant to any cost escalation, taxes, levies payable and/or installing cost, if any, on such items and accordingly, the actual costs may differ from the current estimates. There can be no assurance that the same vendors with whom quotations or estimates have been procured would be engaged to eventually supply the items, or at the same costs. Accordingly, the actual expenses for the capital expenditure cost above may differ from the current estimates. Based on various commercial considerations including, among others, prevailing market price, availability of adequate manpower and equipment in timely manner, competition, business strategy and technological advancements, our Company shall have the flexibility to replace any existing equipment than as proposed, depending on the internal estimates of our management and business requirements.

a) Purchase of new machineries and equipment

While the specific number and nature of such machineries and equipment to be procured by our Company will depend on our business requirements and technology advancement, set out below is an indicative list of machineries and equipment proposed to be purchased by our Company:

1. Jyoti make computer numerical control machine, model: RDX 30
2. Integrex I-250H S - 1000U
3. Victor Integrex Machine Model: VMT -X260

4. Jyoti make computer numerical control machine, model: ABX 40
5. Integrex I-500S - 2500U
6. G550a
7. HCN-6800 L
8. Victor Horizontal Machining Center Machine Model: VCenter H630HD
9. HMT-Praga precision surface grinding machine model: 455H
10. Alex model NH-600 surface grinding machine
11. Jash cast iron surface plate overall area : 8000x5000 mm
12. 30 ton capacity cradle type welding positioner dia 5M face plate with extended arms
13. 40 ton capacity cradle type welding positioner dia 8M face plate with extended arms
14. Computer numerical control floor boring make : Sharmann model : AF 180 M
15. Neway computer numerical control vertical lathe model no.: VNL 630SK With FANUC OITF
16. Afeco make bogie hearth electrical heat treatment furnace –40 ton capacity
17. Surfex manual blast room with recessed hopper type media recovery system, model: brmr- 8m*5m*3m.
18. Syncrowave 400 TIGRunner, CE with Accessories
19. Turbine blade polishing machine with convex, concave area Polishing attachments
20. Zeiss 3D computer numerical control control co ordinate measuring machine model: CONTURA 9/12/8 RDS XXT
21. Enspec scan 10.12.8 computer numerical control co-ordinate measuring machine
22. Magnetic particle inspection equipment, model:SB-80 AHF along with accessories and consumables
23. Magnetic Particle Inspection system, model: CBTBT 80
24. Surfex 7 – axis robotic shot peening machine with associated system, model: SPB-205.165.400- SPL
25. ITL-300TCBA machine with accessories AC VFD fitted with machine
26. Indotech make, fully automatic, numerically controlled, double column band saw machine model: ITM-300 LMGA
27. CPF180 - 8 CP Fixed speed Screw Air Compressor with 150hp /110k motor l=3FAD ~ 676 cfm Pressure ~ 8bar g
28. Ace slant bed computer numerical control lathe model: LT-20C CLASSIC LM
29. Jyoti make computer numerical control machine, model: DX 350-700A
30. C61Y-140(4T) fully hydraulic single arm open die forging hammer
31. 680201- 2000 ton Schüler trimming press
32. Oil fired box type furnace" capacity 1.5 mertric ton – 2 mertric ton
33. Electrical bogie hearth furnace for hardening" capacity 1 ton
34. Electrical bogie hearth furnace for tempering" capacity ranging from 1 to 4 tons
35. Induction billet heater ranging from 600 KW to 850 KW
36. Neway brand computer numerical control vertical lathe model No.: VNL 320SK With FANUC 0i-TF plus controller
37. Ace slant bed computer numerical control lathe LT-30 1500
38. Jyoti make computer numerical control machine, model: DX 350-1500A
39. Nikken high speed rotary table model : CNCZ180ZA/MA/FA (right)
40. Nikken high speed rotary table model: CNCZ180LZA/LMA/LFA (left)
41. Hwacheon computer numerical control Turning center "model: HI-TECH230B''
42. Hwacheon computer numerical control Turning center "model: CUTEX-160A''
43. Hwacheon computer numerical control Turnmill center "model: CUTEX-180B YMC'
44. Hwacheon Horizontal Turning center "model: HI-TECH450B''
45. Hwacheon Horizontal Turning center "model: HI-TECH550AL''
46. Haas USA make vertical machining center model VF-2SS-I
47. Haas USA make vertical machining center model VF-4SS-I
48. CPM 60 – 8.5
49. DMU 50 3rd Generation
50. ITL-300 TCBA
51. Automatic rear feeding machine model-300 TCBA
52. Indotech make, fully automatic, numerically controlled (NC), double column band saw machine on pre-hardened LM guides with standard equipment and standard accessories: model: ITM-300 LMGA (RF)
53. ITL high speed double column with linear motion guide (LMG) fully
54. Automatic horizontal bandsaw machine model ITL-210 LMG PRO
55. Indotech make, fully automatic, numerically controlled (NC), double column band saw machine on pre-hardened LM guides with standard equipment and standard accessories: model: ITM-300 LMGA (RF)
56. Lapmaster Wolters high precision dual face flat lapping/ polishing machine model LWI_DSL16B

57. Zeiss 3D computer numerical control control co ordinate measuring machine model: CONTURA 12/24/10 RDS XXT
58. Global Lite 12.22.10 computer numerical control co-ordinate measuring machine
59. Enspec Scan 10.15.8 computer numerical control co-ordinate measuring machine
60. Zeiss 3D computer numerical control control co ordinate measuring machine model: CONTURA 9/18/8 RDS XXT
61. Fluorescent penetrant inspection system, model: SFP-3000 PE
62. Amada weld tech resistance projection MFDC welding machine
63. Jyoti make computer numerical control machine model: DX 750-3000A
64. ACE slant bed computer numerical control lathe model: LT-40 3000 LM (Z-axis stroke: 3200mm)-siemens
65. Manufacturing of pressure test unit with fixture for 243-004_C.
66. Manufacturing of impact, lapping and leakage testing fixture
67. YOU JI computer numerical control Vertical turning lathe model: VTL-2500 ATC+C
68. NEWAY Brand computer numerical control vertical lathe model no.: VNL 250M With FANUC 0i-TF plus controller
69. NEWAY Brand computer numerical control vertical lathe model no.: VNL 250S With FANUC 0i-TF plus controller
70. Tool presetter machine Model E346BA (autofocus)
71. Zoller -smile / pilot 4.0
72. Hwacheon horizontal turning center model: HI-TECH450CXXL
73. Light Band Surface Roughness Tester
74. Zeiss 3D computer numerical control control co ordinate measuring machine model: CONTURA 12/18/10 RDS XXT
75. Zeiss 3D computer numerical control control co ordinate measuring machine model: CONTURA 9/12/8 RDS
76. Enspec Scan 10.12.8 computer numerical control Co-ordinate Measuring MachineGlobal Lite 12.22.10 CNC Co-ordinate Measuring Machine
77. Computer numerical control vertical machining centre model: 1060V Siemens
78. Jyoti make computer numerical control machine, model: RX 20
79. Computer numerical control vertical machining centre model: 850V – Siemens
80. Jyoti make computer numerical control machine, model: DX 250-700
81. ACE computer numerical control lathe model: SJE 10 RG
82. Jyoti make computer numerical control machine, model: DX 350-1500A
83. ACE slant bed computer numerical control lathe LT-30 1500
84. Article 179151 hydraulic unit HPU-1-400/50/3-1.4-400 Ecoroll HPU (High Pressure Unit) Ecoforce
85. MT-3012-50 MIC TRAC Base Unit, 12"
86. Universal dynamic balancing machines for Rotor Balancing
87. Model No-ADP5090/AC500 with tool post base assembly for ADP5090
88. Heating, Ventilation, Air & Conditioning - Class 100K (ISO 8) clean room & aior lock 100K ISO-8
89. Techno rod polishing machine-TM 03
90. G350 generation 2 - rev. 24q4.1
91. Bf-x 200c robotic polishing and profiling systems
92. Mitutoyo make shop-floor type 3D cnc coordinate measuring machine, model: mistar 555
93. Makino cnc vertical machining center slim5n
94. Fullton brand double columns cnc vertical turret lathe
95. Vertical machining centre model: VM 10
96. Lml precision slat bed cnc turning machine, model TL 30er800
97. Lml precision slat bed cnc turning machine, model TL 30 ex 1600
98. Lml precision slat bed cnc turning machine, model TL 250
99. Lml precision slat bed cnc turning machine, model TL 350y
100. Lml precision machining centre model vm9
101. Thread rolling model no: -2rp 80
102. Thread rolling model no: -2rp 100

Our Company shall have the flexibility to order any of the aforesaid machineries and equipment depending on the business requirements of our Company at the time of placing an order for a particular machineries and equipment,

in the event there is an upgraded version of such machineries and equipment available, our Company shall have the flexibility to place the order for such upgraded machineries and equipment provided that our quotations our Company shall obtain quotations for such upgraded machineries and equipment and any amounts in excess of the quotation received for such original machineries and equipment shall be borne by internal accruals.

We have not entered into any definitive agreements with any of the vendors and have obtained quotations for the above machineries and equipment from such vendors and there can be no assurance that the same vendors would be engaged to eventually supply such machineries and equipment at the same costs. All quotations received from the vendors of such machineries and equipment are valid as on the date of this Preliminary Placement Document. However, we are yet to place any orders for the such machineries and equipment. Further, in the event that there are taxes applicable on the purchase of such machineries and equipment, we will intend to pay such taxes from the Net Proceeds.

If there is any increase in the costs of machineries and equipment, the additional costs shall be paid by our Company from its internal accruals. The quantity of any machineries and equipment to be purchased is based on the present estimates of our management and could be subject to change in the future. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and interest or exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, in accordance with applicable laws.

Further, our Company has entered into memorandum of understanding with Hasicon Infra Private Limited dated February 24, 2025 for installation of such machineries and equipment. We intend to fund the cost of the installation of the machineries and equipment from the Net Proceeds.

b) Part-financing for the purchase of certain machineries and equipment

In line with our strategies of expanding into manufacture of higher-value products along the client value chain, our Company has identified certain machineries and equipment as provided below that it is in process of purchasing and installing in its existing and upcoming facilities for which our Company has already issued purchase orders to the relevant supplier/ vendors as on the date of this Preliminary Placement Document:

Estimated Cost:

(in ₹ million)

Expense Cost	***Amount***
Total estimated cost	900.56
Amount deployed as on the date of this Preliminary Placement Document	275.01
Estimated costs to be funded from Net Proceeds	625.56

1. Anyang Make full Hydraulic closed Die Forging Hammer, Model:C86Y-450(18T)
2. 250 AMPS MCCB
3. 630 AMPS MCCB
4. 4 Ton Hardening Furnace and 4 Ton Tempering Furnace
5. 10 ton Pneumatic Hammer M-2150 RAM (R-10000) EN-24
6. 315 AMPS MCCB
7. Double girder eot crane 10ton X 24.15M SPAN X 5.145M lift (make-ELECTROMECH)
8. Vertical Machine Centre machine-model: VMC 1370 NVU (make: JYOTI)
9. 250 AMPS MCCB
10. Vertical Machine Centre machine- model: VMC 1880 (make- JYOTI)
11. Pipe straight D100 Q=1
12. 125 AMPS MCCB
13. OP10 Draw Tool OP20 computer aided machine Form Tool (Part No:30376356P0001)
14. Socket equal D100
15. 63 AMPS MCCB
16. OP10 Form Tool, OP20 & OP30 form tool, welding fixture, sizing tool (front & rear), machining fixture,
17. Socket equal D158
18. Duct straight length indoor (IP54)
19. Machining fixture (top & bottom half), welding fixture (top & bottom half), sizing tool (front & rear, machining fixture (front &rear),
20. Elbow 90 degree D100
21. 800 AMPS end feed unit
22. OP10 draw tool OP20 computer aided machine form tool (Part No: 3036356P0001)
23. Elbow 90 degree D158
24. End cover

25. CP make compressor 1000 cubic feet per minute fixed speed model:CPF 220 and Acessories
26. Duct straight length indoor (IP54)
27. Horizontal bracket
28. Anyang make fully hydraulic open die forging hammer (C type), model: C61Y-140(4T)
29. 800 AMPS end feed unit
30. 63 AMPS MCCB
31. Robotic system with integration (IRTI)
32. End cover
33. Plug in box
34. Universal lathe spinner TC300 -52-MC -Control Fanuc 32iTB 15"
35. Horizontal bracket
36. Oil Fired Furnace -2 mertric ton
37. Pipe straight D158 Q=1
38. Zeiss inspect pro software
39. Expansion joints
40. Surfex 7 – Axis robotic shot peening machine with associated system, model: SPB205.165.400- SPL
41. Calypso+ blade pro software
42. Tee equal D100
43. Computer numerical control vertical machining center -model no : MCV800-50 (MAKE-ACE)
44. Vertical bend
45. Tee equal D158
46. Etching & chemical milling line
47. Alluminium external earth
48. Tee reduction D158X100
49. Zoller presetter, model no - Smart check 450 / PILOT 4.0,(with 5mp camera) (make : ZOLLER)
50. Compressor hardware
51. FLANGE D100
52. Heating, Ventilation, Air & Conditioning work high side item supply installation, testing and commissioning as per BOQ & drawing
53. 150 HP air compressor with tank & filters and complete set
54. FLANGE D158
55. Hexagon make, model: GLOBAL LITE 12.15.10 CNC coordinate measuring machine
56. Heating, Ventilation, Air & Conditioning work low side item supply
57. CLIP PIPE D100M8-M10 Q=1
58. Hexagon make, model: ENSPEC SCAN 8.10.6 CNC coordinate measuring machine
59. Electromech - 10T X 1)34M span X 9.11M height of lift double girder eot crane
60. CLIP PIPE D1583-8UNC Q=1
61. NHX 6300I horizontal machining center DMG MORI
62. Electromech - 10T X 23M SPAN X 9.11M height of lift double girder eot crane
63. QUICKDROP D158x/SO 1
64. Carl Zeiss make, model CONTURA 12/24/10 RDS XXT, computer numerical control coordinate measuring machine
65. Vertical Machine Centre machine modeL - RDX 30 (Make - Jyoti)
66. Butterfly valve 4”
67. 2 mertric ton Oil Fire Furnace
68. Bandsaw cutting machine model : HA250W (make : AMADA)
69. Butterfly valve 6”
70. Horizontal machining center model: VCENTER H630HD (make-VICTOR TAICHUNG)
71. Laser Hardening equipment
72. 1” Ball Valve
73. Chip conveyor right(CONDEP-1)(CV567),VORTEX I-630V/6S (F234)(CODE:L02TR045092) I250S machine
74. Laser hardening Automation Equipment
75. Amada Weld Tech Resistance Projection MFDC Welding Machine
76. Carl Zeiss make, model CONTURA 9/18/8 RDS XXT, computer numerical control coordinate measuring machine
77. Mazak Make VC-EZ 510 IP (vertical milling machine) without table
78. Vertical machining center CMX 800 VI DMG MORI
79. Kito aluminum single girder lcs system ALU TRACK RAIL 80M X 2 NOS ALU TRACK RAILS 7.1M X 5 Nos alu track rail 15M X 2 NOS ALU TRACK RAILS 7.1M X 1 Nos capacity 250 KG
80. Mazak Make VC-EZ 510 IP (vertical milling machine) with table
81. Jyoti make computer numerical control machine, model: RDX 30

82. Vertical Machine Centre machine preparation of dual synchronization rotary table	83. 2000 tons trimming press, make-tmp ,model-K2543 (USED)	84. Horizontal machining center model-HCN-6800 L (make-MAZAK)
85. One-time Service charges towards Installation, Erecting & Commissioning of computer numerical control Horizontal Machining Centre with Accessories. Machine Model: CWK1600P with Sinumerik 840D. Make: HECKERT -Germany	86. Laser hardening equipment-Installation and commissioning	87. Flange end with equilizer
88. Carl Zeiss Make 3D computer numerical control co-ordinate measuring machine model: CONTURA 12/18/10 RDS	89. MS pipe support for compressor	90. 125 AMPS MCCB
91. Universal lathe SPINNER TC300-52-MCY -Control Fanuc 32iTB 15DMG make CMX 600 Vi (vertical milling machine)	92. DMG make CMX 600 Vi (vertical milling machine)	

Our Company shall not recoup any amounts already incurred by us towards the purchase of such machineries and equipment from the Net Proceeds.

The identification of machinery and equipment costs is based on the present estimates of our management. While an indicative list of the machineries and equipment that our Company intends to purchase has been provided above, technical specifications of machineries and equipment including type, specification, vendor or value of the machinery are subject to change.

In addition to estimated expenses mentioned above, there may be revision in the final amounts payable towards these categories pursuant to any cost escalation, taxes, levies payable and/or installing cost, if any, on such items and accordingly, the actual costs may differ from the current estimates. There can be no assurance that the same vendors with whom quotations or estimates have been procured would be engaged to eventually supply the items, or at the same costs. Accordingly, the actual expenses for the capital expenditure cost above may differ from the current estimates. Based on various commercial considerations including, among others, prevailing market price, availability of adequate manpower and equipment in timely manner, competition, business strategy and technological advancements, our Company shall have the flexibility to replace any existing equipment than as proposed, depending on the internal estimates of our management and business requirements.

Our Company shall have the flexibility to deploy such machineries and equipment in relation to the capital expenditure or such other equipment as may be considered appropriate, according to the business or engineering requirements of such facilities, subject to the total amount to be utilized towards purchase of such machineries and equipment including taxes and installation costs not exceeding ₹5,250 million. See, "*Risk Factors – Our funding requirements and proposed deployment of the proceeds from this Issue are based on management estimates and have not been independently appraised*" on page 57.

2. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes and business requirements of our Company, subject to such amount not exceeding 25% of the gross proceeds of the Issue, in compliance with the SEBI ICDR Regulations. Such general corporate purposes may include, but are not restricted to, (i) investments in accordance with the investment policy of our Company, and (ii) meeting exigencies, salaries and meeting expenses incurred by our Company in the ordinary course of business as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013, incurred by our Company in the ordinary course of business, as may be applicable. Further, this portion of Net Proceeds may also be utilised to meet the shortfall in the Net Proceeds for the Objects set out above.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act and other applicable laws. 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

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds, our Company shall invest such proceeds only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, or in any other investment as permitted under applicable laws, as approved by the Board and/or a duly authorized committee of the Board, from time to time. Provided that, in accordance with applicable laws, we undertake to not utilize the proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges, whichever is later. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank.

Monitoring of utilisation of funds

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹1,000 million. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, upon its receipt, until such time as the Issue Proceeds have been utilised in full. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter or such other period as may be specified under applicable law and uploaded on the website of our Company at www.azad.in.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Issue Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full.

Further, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Proceeds were raised, have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in the directors' report in its annual report, after placing the same before the Audit Committee.

Other confirmations

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds.

The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws.

Neither our Promoter nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds. Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors, Key Managerial Personnel or Senior Management Personnel are not eligible to subscribe to the Issue. Further, since the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under Schedule VII of the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoter, members of the Promoter Group, Directors, Key Managerial Personnel and/or Senior Management Personnel.

CAPITALISATION STATEMENT

The table below sets forth our capitalisation and total borrowings, on a consolidated basis, as at September 30, 2024 which has been derived from the Unaudited Consolidated September 2024 Financial Results and as adjusted to give effect to the receipt of the Gross Proceeds of the Issue.

This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" beginning on pages 130 and 95, respectively.

(in ₹ million, unless otherwise stated)

Sr. No.	Particulars	Pre-Issue	Post-Issue
		As at September 30, 2024	As adjusted for the Issue**
(A)	**Borrowings**		
	Current borrowings **(I)**	529.56	[●]
	Non-current borrowings **(II)**	953.49	[●]
	Total Borrowings: (I) + (II) = (A)	**1,483.05**	[●]
(B)	**Equity**		
	Equity Share capital (III)	118.23	[●]
	Other equity (IV)	6,710.58	[●]
	Non-controlling interest (V)	(1.08)	[●]
	Total Equity (III) + (IV) + (V) = (B)	**6,827.73**	[●]
	Total Capitalisation (A + B)	**8,310.78**	[●]
	Ratio: Total Borrowings/ Total Equity (A/B)	**0.22**	[●]

*** To be updated upon finalisation of the Issue Price. The figures to be included under post-Issue column relating to the shareholder's fund shall be derived after considering the impact due to the issue of the Equity Shares only through the qualified institutions placement assuming that the Issue will be fully subscribed and does not include any other transactions or movements / issue related expenses.*

Note:

1. These terms shall carry the meaning as per Schedule III to the Companies Act, 2013 (as amended).

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Preliminary Placement Document is set forth below:

(in ₹, except share data)

	Particulars	Aggregate value at face value[#]
A	**AUTHORISED SHARE CAPITAL**	
	75,000,000 Equity Shares of face value of ₹2 each	150,000,000
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	59,112,993 Equity Shares of face value of ₹2 each	118,225,986
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares of face value of ₹2 each[(1)(2)]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of face value of ₹2 each[(2)]	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue[(3)]	4,562,973,969.75
	After the Issue[(4)]	[●]

(1) The Issue has been authorised and approved by the Board of Directors pursuant to its resolution passed on January 3, 2025. The Shareholders have authorised and approved the Issue by way of a special resolution passed at the extra-ordinary general meeting held on January 28, 2025.

(2) To be determined upon finalization of the Issue Price.

(3) As on the date of this Preliminary Placement Document.

(4) The securities premium account after the Issue is calculated on the basis of Gross Proceeds. Adjustments do not include Issue related expenses.

[#] Except for securities premium account

Equity Share capital history of our Company

The following table sets forth the history of Equity Share capital of our Company since incorporation:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative number of Equity Shares	Cumulative paid – up Equity Share Capital	Form of consideration	Reason / Nature of allotment
August 22, 1983	150	100	100	150	15,000	Cash	Initial subscription to the Memorandum of Association
August 1, 1986	870	100	100	1,020	102,000	Cash	Further issuance
March 30, 2009	300	100	10,000	1,320	132,000	Cash	Further issuance
August 31, 2012	150,000	100	100	151,320	15,132,000	Cash	Further issuance
February 19, 2019	Pursuant to a resolution passed by our Shareholders on February 19, 2019, our Company sub-divided the face value of its equity shares from ₹100 each to ₹10 each. Accordingly, the issued and paid-up equity share capital of our Company was sub-divided from 151,320 equity shares of ₹100 each to 1,513,200 equity shares of ₹10 each.						
October 13, 2022	43,488	10	4,139.07*	1,556,688	15,566,880	N. A	Pursuant to conversion of DMI CCDs in the ratio of 24.16 equity shares for every 1 DMI CCD held
October 17, 2022	95,138	10	6,023	1,651,826	16,518,260	Cash	Preferential allotment
September 12, 2023	Pursuant to a resolution passed by our Board and Shareholders on September 11, 2023, and September 12, 2023, respectively, our Company sub-divided the face value of its equity shares from ₹10 each to ₹2 each. Accordingly, the issued and paid-up equity share capital of our Company was sub-divided from 1,651,826 equity shares of ₹10 each to 8,259,130 Equity Shares of ₹2 each.						
September 18, 2023	41,295,650	2	-	49,554,780	99,109,560	N.A.	Bonus issuance in the ratio 5 bonus Equity Shares for every 1 Equity Share**

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative number of Equity Shares	Cumulative paid – up Equity Share Capital	Form of consideration	Reason / Nature of allotment
December 11, 2023	4,978,062	2	321.41±	54,532,842	109,065,684	N. A	Pursuant to conversion of PSCOF CCDs in the ratio of 3,111.29 equity shares for every 1 PSCOF CCD held
December 26, 2023	4,580,151	2	524	59,112,993	118,225,986	Cash	Pursuant to initial public offering

** Cash was paid at the time of allotment of the DMI CCDs.*
***The bonus issuance was authorized by the resolutions passed by our Board of Directors and Shareholders at their meeting held on September 11, 2023, and September 12, 2023, respectively and was undertaken by capitalizing an amount of ₹82,591,300 million out of the free reserves as on June 30, 2023. The bonus issuance was not undertaken out of the revaluation reserves or unrealized profit of the Company.*
± Cash was paid at the time of allotment of the PSCOF CCDs.

Preference shares

As on the date of this Preliminary Placement Document, our Company does not have any outstanding preference shares.

Warrants

As on the date of this Preliminary Placement Document, there are no outstanding warrants.

Employee stock option scheme

Pursuant to the resolution of our Board dated January 3, 2025 and the resolution of our Shareholders dated January 28, 2025, our Company has considered and approved the introduction and implementation of *"Azad ESOP Scheme 2024"* ("**ESOP 2024"**) for issue of employee stock options to eligible employees of the Company, associate companies, subsidiary companies or of holding company, if any, whether in India or outside India, convertible into up to 1,182,259 Equity Shares of face value of ₹2 per Equity Share.

The purpose of the ESOP 2024 *inter alia* includes to reward eligible employees for their performance and to incentivize the employees to contribute to the overall growth and profitability of the Company.

The details of ESOP 2024, as on the date of this Preliminary Placement Document, are as set forth below:

Particulars	Number of options
Maximum number of options which may be granted under the ESOP 2024 (A)	1,182,259
Total number of options granted (B)	Nil
Options vested	Nil
Options exercised	Nil
Options lapsed or forfeited (C)	Nil
Total number of options outstanding (A + B – C)	1,182,259

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, the Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 303.

Pre-Issue and post-Issue shareholding pattern of our Company, as on the date of this Preliminary Placement Document, is set forth below:

Sr. No.	Category	Pre-Issue*		Post-Issue**	
		Number of Equity Shares held	Percentage (%) of shareholding	Number of Equity Shares held	Percentage (%) of shareholding
A.	**Promoter Holding#**				
1.	Indian				
	Individuals/Hindu Undivided Family	38,957,107	65.90	[●]	[●]
	Others	0	0	[●]	[●]
2.	Foreign Promoters				
	Individuals (Non-resident Individuals/ Foreign Individuals)	0	0	[●]	[●]
	Sub-Total (A)	**38,957,107**	**65.90**	[●]	[●]
B.	**Non-Promoter Holding**				
1.	Institutional Investors				
	Mutual Funds	3,286,204	5.56	[●]	[●]
	Alternative Investment Funds	124,888	0.21	[●]	[●]
	Insurance Companies	96,838	0.16		
	NBFCs registered with RBI	0	0		
	Banks	0	0	[●]	[●]
	Foreign Portfolio Investors Category I	5,424,501	9.18	[●]	[●]
	Foreign Portfolio Investors Category II	465,005	0.79	[●]	[●]
	Central Government/ State Government(s)/ President of India	0	0	[●]	[●]
2.	Non-Institutional Investors(1)				
	Directors and their relatives (excluding independent directors and nominee directors)	1,48,654	0.25	[●]	[●]
	Key Managerial Personnel	127,414	0.22	[●]	[●]
	Resident individuals holding nominal share capital up to ₹2 lacs	6,249,690	10.57	[●]	[●]
	Resident individuals holding nominal share capital in excess of ₹2 lacs	2,640,953	4.46	[●]	[●]
	Non-Resident Indians	643,795	1.09	[●]	[●]
	Body Corporates	548,263	0.93	[●]	[●]
	Others	399,681	0.67	[●]	[●]
	Sub-Total (B)	20,155,886	34.09	[●]	[●]
3.	Employee Benefit Trust	0	0	[●]	[●]
	Sub-Total (C)	0	0	[●]	[●]
	Grand Total (A+B+C)	59,112,993	**100.00%**	[●]	[●]

** Based on beneficiary position data of our Company as on February 21, 2025.*

 # Includes shareholding of our Promoter Group as well.

*** The post-Issue shareholding pattern has been intentionally left blank and will be filled in the Placement Document.*

(1) Some of our Directors, Key Managerial Personnel and Senior Management have entered into non-disposal undertakings on their shareholding in the Company in favour of our Promoter.

Other confirmations

Our Promoter, Directors, Key Managerial Personnel and members of the Senior Management of our Company do not intend to participate in the Issue.

Except as disclosed under "- *Employee Stock Option Scheme*", there are no outstanding options, warrants or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

No change in control in our Company will occur consequent to the Issue.

Our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or pursuant to a preferential issue, private placement or a rights issue.

Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice to our Shareholders dated January 6, 2025, for approval at the extra-ordinary general meeting held on January 28, 2025, for approval of the Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

DIVIDENDS

The declaration and payment of dividend (including interim dividend) will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend for any financial year shall be paid out of our Company's profits for that year or accumulated profits of any previous financial year(s) in accordance with provisions of the Companies Act the Articles of Association and our Company's dividend distribution policy.

The dividend distribution policy of our Company was adopted and approved by our Board in their meeting held on September 13, 2023 ("**Dividend Distribution Policy**") in accordance with the Regulation 43A of the SEBI Listing Regulations and applicable provisions of the Companies Act. In terms of the Dividend Distribution Policy, the declaration and payment of dividend will depend on a number of internal and external factors. Some of the internal factors on the basis of which our Company may declare dividend shall *inter alia* include, profits earned and available for distribution during the financial year. accumulated reserves (including retained earnings), mandatory transfer of profits earned to specific reserves, past dividend trends, earning stability, future capital expenditure requirement of our Company and growth plans, both organic and inorganic. The declaration of dividend is also dependent on external factors which *inter alia* include domestic and global economic environment, unfavourable market conditions, changes in government policies and regulatory provisions, cost of raising funds from alternate sources, inflation rates, sense of Shareholders' expectations and cost of external financing.

The Dividend Distribution Policy is available on the Company's website at www.azad.in.

Our Company has not declared or paid any dividends on the Equity Shares during the nine months period ended December 31, 2024 and financial years ended March 31, 2024, March 31, 2023, and March 31, 2022 and from January 1, 2025 till the date of this Preliminary Placement Document.

Future Dividends

There is no guarantee that any dividends will be declared or paid in the future. Investors are cautioned not to rely on past dividends, as applicable, as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, the factors set out in the Dividend Distribution Policy and such other factors that the Board may deem relevant in its discretion, subject to the approval of our Shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the Fiscal in which they have been allotted. For further information, see "*Description of the Equity Shares*" on page 287.

Please also see the sections tilted "*Taxation*" and "*Risk Factors*" on pages 290 and 40, respectively.

Prospective investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares issued in the Issue.

FINANCIAL STATEMENTS

Sr. No.	Financial Statements	Page No.
1.	Unaudited Consolidated Financial Results for the quarter and nine months period ending December 31, 2024	F1-F5
2.	Unaudited Consolidated Financial Results for the quarter and nine months period ending December 31, 2023	F6-F11
3.	Unaudited Consolidated Financial Results for the quarter and six months period ending September 30, 2024	F-12-F18
4.	Audited Consolidated Financial Statements for Fiscal 2024	F-19-F-63
5.	Audited Consolidated Financial Statements for Fiscal 2023	F-64 – F-113
6.	Audited special purpose IND AS Consolidated Financial Statements for Fiscal 2022	F-114-F-154
7.	Audited consolidated IGAAP Financial Statements for Fiscal 2022	F-155-F-193

MSKA & Associates
Chartered Accountants

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Independent Auditor's Review Report on consolidated unaudited financial results of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) for the quarter and year to date pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

1. We have reviewed the accompanying Statement of consolidated unaudited financial results of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) (hereinafter referred to as 'the Holding Company'), its subsidiaries, (the Holding Company and its subsidiaries together referred to as the 'Group') for the quarter ended December 31, 2024 and the year to-date results for the period from April 01, 2024 to December 31, 2024 ('the Statement') attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder ('Ind AS 34') and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33 (8) of the Regulations, to the extent applicable.

4. This Statement includes the results of the Holding Company and the following entities:

Sr. No	Name of the Entity	Relationship with the Holding Company
1	Azad VTC Private Limited	Subsidiary
2	Azad Prime Private Limited	Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Ananthakrishnan Govindan
Partner
Membership No.: 205226
UDIN: 25205226BMKTNL7246

Place: Hyderabad
Date: February 04, 2025

Azad Engineering Limited [formerly known as Azad Engineering Private Limited]

CIN: U74210TG1983PLC004132

Registered office address: 90/C,90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad, Telangana, India, 500055

Statement of consolidated unaudited financial results for the quarter and nine months ended December 31, 2024

[All amounts are in Rs Mn]

S.No	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2024 [Unaudited]	September 30, 2024 [Unaudited]	December 31, 2023 [Unaudited]	December 31, 2024 [Unaudited]	December 31, 2023 [Unaudited]	March 31, 2024 [Audited]
	Income:						
I	Revenue from operations	1,204.84	1,115.35	892.26	3,304.28	2,479.73	3,407.71
II	Other income	50.73	15.28	184.42	72.13	292.30	319.93
III	**Total income (I+II)**	**1,255.57**	**1,130.63**	**1,076.68**	**3,376.41**	**2,772.03**	**3,727.64**
IV	**Expenses:**						
	Cost of materials consumed	329.39	255.39	183.88	753.71	473.51	667.63
	Changes in inventories of finished goods and work-in-progress	(166.32)	(96.94)	(80.54)	(278.98)	(171.18)	(207.41)
	Employee benefit expense	248.20	222.25	208.39	674.84	546.05	742.65
	Finance costs	64.15	48.71	193.71	145.68	412.31	472.65
	Depreciation and amortisation expense	74.38	67.65	52.25	202.18	150.68	205.30
	Other expenses	365.36	336.06	253.14	997.50	779.26	1,038.96
	Total expenses	**915.16**	**833.12**	**810.83**	**2,494.93**	**2,190.63**	**2,919.78**
V	**Profit before tax for the period/year (III-IV)**	**340.41**	**297.51**	**265.85**	**881.48**	**581.40**	**807.86**
VI	**Tax expenses**						
	Current tax	118.55	82.64	49.34	267.85	104.54	146.21
	Deferred tax	(15.34)	6.05	48.46	(3.62)	40.51	75.85
	Total tax expense	**103.21**	**88.69**	**97.80**	**264.23**	**145.05**	**222.06**
VII	**Profit for the period/year (V-VI)**	**237.20**	**208.82**	**168.05**	**617.25**	**436.35**	**585.80**
	Attributable to						
	Shareholders of the Company	239.20	210.09	168.05	620.52	436.35	585.80
	Non controlling interest	(2.00)	(1.27)	-	(3.27)	-	-
VIII	**Other comprehensive income/(loss) (net of taxes)**						
	Remeasurement gains / (losses) on defined benefit plans	(0.17)	(6.08)	3.47	(4.60)	(0.70)	(3.58)
	Tax relating to above items	0.05	1.77	(0.59)	1.34	0.20	1.04
	Total other comprehensive income/(loss) for the period/year	**(0.12)**	**(4.31)**	**2.88**	**(3.26)**	**(0.50)**	**(2.54)**
IX	**Total comprehensive income for the period/year (VII+VIII)**	**237.08**	**204.51**	**170.93**	**613.99**	**435.85**	**583.26**
	Attributable to						
	Shareholders of the Company	239.08	205.78	170.93	617.26	435.85	583.26
	Non controlling interest	(2.00)	(1.27)	-	(3.27)	-	-
X	Paid up equity share capital (Face value Rs 2/- each fully paid up)	118.23	118.23	118.23	118.23	118.23	118.23
XI	Reserves excluding revaluation reserve						6,332.40
XII	**Earnings per equity share (Face value Rs 2/- each fully paid up)**						
	(1) Basic (in Rs)*	4.05	3.55	3.37	10.50	8.74	11.20
	(2) Diluted (in Rs)*	4.05	3.55	3.37	10.50	8.74	11.20
	* Not annualised	*	*	*	*	*	

See accompanying notes to the consolidated unaudited financial results

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Notes:

1 The Consolidated unaudited Financial Results for the quarter and nine months ended December 31, 2024 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meetings held on February 04, 2025. The statutory auditors have carried out limited review of these Consolidated unaudited Financial Results and have issued an unmodified report on these results.

2 The consolidated unaudited financial results include results of the following subsidiaries:

Sno	Name of the subsidiary	Relationship
I	Azad VTC Private Limited	Subsidiary
II	Azad Prime Private Limited	Subsidiary

3 The above results have been prepared in accordance with the Indian Accounting Standard (Ind AS)- 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4 The Company has completed an Initial Public Offer ("IPO") of 14,122,108 Equity Shares at the face value of Rs 2/- each at an issue price of Rs 524/- per Equity share, comprising a fresh issue of 4,580,151 shares. Rs. 2,227.49 Mn have been received in the Escrow account (net off estimated offer expenses Rs 172.51 Mn) from proceeds of fresh issue of equity shares. Full amount of Rs. 2,227.49 Mn have been transferred to the company's account. Further, the fund raised from Offer for sale were remitted to the selling shareholders (net off estimated offer expenses borne / to be borne by the selling shareholders). The utilisation of the net proceeds is summarised as below:

[All amounts are in Rs Mn]

Objects of the issue as per prospectus	Amount to be utilised as per prospectus	Utilisation up to December 31, 2024	Unutilised amount up to December 31, 2024
Towards funding of capital expenditure	603.95	450.39	153.56
Repayment/prepayment, in part or full, of certain of the borrowings availed by the Company	1,381.88	1,357.10	24.78
General corporate purposes*	241.66	420.00	(178.34)
Total	2,227.49	2,227.49	-

*The Company has utilised Rs. 420.00 Mn towards General Corporate Purpose as against the amount of Rs. 241.66 Mn as estimated and stated in the prospectus. The excess utilisation of Rs.178.34 Mn is from the proceeds estimated for the capital expenditure and Repayment of borrowings availed by the Company. However, these amounts are within the limits of 25% of gross proceeds of fresh issue as set out in the prospectus as per the requirements of SEBI ICDR Regulations.

The net unutilised IPO proceeds were temporarily invested in deposits with commercial banks. Interest earned on such deposits are in the monitoring account.

5 The operations of the Company predominantly relate to the manufacture and sale of high precession and OEM components. As such there is only one primary reportable segment as per Ind AS 108 "Operating Segments".

6 The Company, during its board and shareholders' meetings held on September 14, 2023 and September 15, 2023 respectively, approved the sale of investment in subsidiaries (Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd) to Mr. Rakesh Chopdar(Chairman and CEO). Consequently, these companies are no longer subsidiaries. Accordingly, the consolidated results of quarter and nine months ended December 31, 2024 are not comparable with the quarter and nine months ended December 31, 2023 and year ended March 31, 2024.

7 Azad VTC Private Limited a wholly owned subsidiary was incorporated in the first quarter of FY 2024-25 with an objective to engage in the business of coatings. Pursuant to the Asset Purchase Agreement dated May 09, 2024 the Company acquired certain assets during the second quarter. Further, pursuant to the Share holder agreement (SHA) dated May 09, 2024 the company issued 9,608 shares to Mr Ravi Kumar at face value of Rs. 10/- each. Consequently, the revised shareholding stands at 51% by Azad Engineering Limited and 49% by Mr. Ravi Kumar. As per the terms of the SHA Azad Engineering Limited has a call option to purchase the shares held by Mr. Ravi Kumar.

Accordingly the consolidated results for the quarter and nine months ended December 31, 2024, are not comparable with the quarter and nine months ended December 31, 2023 and year ended March 31, 2024.

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED

8 The Azad Prime Private Limited a wholly owned subsidiary was incorporated in the first quarter of FY 2024-25 with an objective to engage in the business of producing components for small and modular reactors (SMRs) for the nuclear energy sector. In the second quarter of FY 2024-25, Azad Prime Private Limited has entered into a Asset Purchase Agreement dated July 25, 2024 with Leo Primecomp Private Limited to acquire certain assets. Part of the assets acquisition was completed in Q3 of FY 2024-25 and balance assets acquisition will be completed by Q4 of FY 2024-25. During Q2 of FY 2024-25 the company issued 9,608 shares to Leo Primecomp Private Limited at face value of Rs. 10/- each in terms of the Shareholders Agreement dated July 25, 2024. Consequently, the revised shareholding stands at 51% by Azad Engineering Limited and 49% by Leo Primecomp Private Limited. As per the terms of the SHA Azad Engineering Limited has a call option to purchase the shares owned by Leo Prime Comp Private Limited and Leo Primecomp Private Limited has put option to sell the shares to Azad Engineering Limited. During Q3 of FY 2024-25, Azad Engineering Limited has paid advance of Rs 54.13 Mn to purchase the balance 49% of Shares held by Leo Primecomp Private Limited on occurrence of the conditions specified in agreement. The obligation against the put option is accounted as a financial liability as per Ind AS 32 measured at the present value of the redemption amount with debit to other equity. Advance paid against purchase of balance 49% shares is adjusted with financial liability.

Accordingly the consolidated results of quarter and nine months ended December 31, 2024, are not comparable with the quarter and nine moths ended December 31, 2023 and year ended March 31, 2024

By the order of the board
For Azad Engineering Limited (formerly known as Azad Engineering Private Limited)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Place: Hyderabad
Date : February 04, 2025

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED

MSKA & Associates
Chartered Accountants

1101/B, Manjeera Trinity Corporate
JNTU-Hitech City Road, Kukatpally
Telangana, Hyderabad 500072, INDIA

Independent Auditor's Review Report on unaudited consolidated financial results for the quarter and year to date financial results of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To The Board of Directors of Azad Engineering Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of **Azad Engineering Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group')for the quarter ended December 31, 2023 and the year to-date results for the period from April 1 2023 to December 31 2023('the Statement'), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015, as amended ('the Regulations'). Attention is drawn to the fact that the figures for the corresponding quarter ended December 31,2022 and the corresponding year-to-date from 1 April 2022 to 31 December 2022, as reported in the Statement has been approved by the Holding Company's Board of Directors but were not subjected to review.

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under ('Ind AS 34') and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6238 0519
Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

4. This Statement includes the results of the Holding Company and the following entities:

Sr. No	Name of the Entity	Relationship with the Holding Company
1	Rouland chemicals Private Limited	Wholly owned subsidiary
2	Swastik Coaters Private Limited	Wholly owned subsidiary
3	Azad Engineering Pte Limited	Wholly owned foreign subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The Statement includes the interim financial information of two subsidiaries which are not subject to review, whose interim financial information reflects total revenue of Rs. Nil and Rs.0.35, total net profit/(loss) after tax of Rs. Nil and Rs. (0.03), total comprehensive income/(loss) of Rs. Nil and Rs. (0.03) for the quarter ended December 31,2023 and for the period from April 1,2023 to September 15,2023 respectively as considered in the Statement. This interim financial information has been furnished to us by the Management and our conclusion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such management prepared unaudited interim financial information. According to the information and explanations given to us by the Management, this interim financial information are not material to the Group.

   Our conclusion is not modified in respect of the above matter.

7. The Statement includes the interim financial information of the foreign subsidiary, which is not subject to review, whose interim financial information reflects total revenue of Rs. Nil and Rs. Nil, total net profit after tax of Rs. Nil and Rs. Nil, total comprehensive income of Rs. Nil and Rs. Nil for the quarter ended December 31,2023 and for the period from April 1,2023 to December 31,2023 respectively as considered in the Statement. This interim financial information has been furnished to us by the Management and our conclusion on the Statement in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such management prepared unaudited interim financial information. According to the information and explanations given to us by the Management, this interim financial information are not material to the Group.

Our conclusion is not modified in respect of the above matter.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

GOVINDAN ANANTHAKRISHNAN

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Date: 2024.02.06 15:52:01 +05'30'

Ananthakrishnan Govindan
Partner
Membership No.: 205226
UDIN: 24205226BKEAAE4581

Place: Hyderabad
Date: February 06, 2024

Azad Engineering Limited [formerly known as Azad Engineering Private Limited]

CIN: U74210TG1983PLC004132

Registered office address: 90/C,90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad, Telangana, India, 500055

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023 **[All amounts are in Rs Mn]**

SNo	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31,2023
		Unaudited	Unaudited (Refer note 5)	Unaudited (Refer note 4)	Unaudited	Unaudited (Refer note 4)	Audited
I	Revenue from operations	892.26	828.37	598.00	2,479.73	1,667.61	2,516.75
II	Other income (refer note 8 & 9)	184.42	106.41	25.24	292.30	48.51	98.46
III	**Total income (I+II)**	**1,076.68**	**934.78**	**623.24**	**2,772.03**	**1,716.12**	**2,615.21**
IV	**Expenses**						
	Cost of materials consumed	183.88	172.46	136.03	473.51	334.81	495.22
	Changes in inventories of finished goods, work-in-progress	(80.54)	(51.29)	(56.33)	(171.18)	(139.46)	(193.71)
	Employee benefit expense	208.39	182.90	139.39	546.05	419.41	592.69
	Depreciation and amortisation expense	52.25	50.73	41.46	150.68	124.38	165.83
	Finance costs	193.71	117.35	127.97	412.31	412.21	523.82
	Other expenses	253.14	261.74	205.21	779.26	634.88	899.77
	Total expenses	**810.83**	**733.89**	**593.73**	**2,190.63**	**1,786.23**	**2,483.62**
V	**Profit / (loss) before tax (III-IV)**	**265.85**	**200.89**	**29.51**	**581.40**	**(70.11)**	**131.59**
VI	**Tax expenses**						
	Current tax	49.34	34.98	8.27	104.54	8.27	25.74
	Tax pertaining to earlier years	-	-	-	-	-	2.42
	Deferred tax	48.46	(28.36)	(17.26)	40.51	(14.70)	18.70
	Total tax expense	**97.80**	**6.62**	**(8.99)**	**145.05**	**(6.43)**	**46.86**
VII	**Profit/(loss) for the period/year**	**168.05**	**194.27**	**38.50**	**436.35**	**(63.68)**	**84.73**
VIII	**Other comprehensive income**						
	Remeasurement gains / (losses) on defined benefit plans	3.47	(4.69)	0.72	(0.70)	2.17	2.90
	Deferred tax relating to above items	(0.59)	0.94	(0.21)	0.20	0.63	(0.84)
	Total other comprehensive income/(loss)	**2.88**	**(3.75)**	**0.51**	**(0.50)**	**2.80**	**2.06**
IX	**Total comprehensive income/(loss) for the period/year (VII+VIII)**	**170.93**	**190.52**	**39.01**	**435.85**	**(60.88)**	**86.79**
X	Paid up equity share capital (Face value Rs 2/- each)	118.23	99.11	99.11	118.23	99.11	99.11
XI	Reserves excluding revaluation reserve						2,023.36
XII	**Earnings per equity share :**						
	(1) Basic (in Rs)*	3.37	3.93	0.83	8.74	(1.38)	1.79
	(2) Diluted (in Rs)*	3.37	3.93	0.83	8.74	(1.38)	1.79
	* Not annualised						
	See accompanying notes to the consolidated financial results						

Notes:

1 The Company has completed an Initial Public Offer ("IPO") of 14,122,108 Equity Shares at the face value of Rs 2/- each at an issue price of Rs 524/- per Equity share, comprising offer for sale of 9,541,957 shares by selling shareholders and a fresh issue of 4,580,151 shares aggregating Rs. 7,399.98 Mn. The Equity Shares of the Company were listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on December 28, 2023. Accordingly, the unaudited consolidated financial results for the quarter and nine months ended December 31, 2023, are drawn up for the first time in accordance with the Listing Requirements.

2 The above results have been prepared in accordance with the Indian Accounting Standard (Ind AS)- 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The unaudited consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on February 06, 2024. The statutory auditors of the Company have carried out limited review of the consolidated financial results for the quarter and nine months ended December 31, 2023 and have issued an unmodified opinion.

3 Rs. 2,227.49 Mn have been received in the Escrow account (net off estimated offer expenses Rs 172.51 Mn) from proceeds of fresh issue of equity shares. Out of the above Rs. 1,500 Mn have been transferred to the company's account. Further, the fund raised from Offer for sale were remitted to the selling shareholders (net off estimated offer expenses borne / to be borne by the selling shareholders). The utilisation of the net proceeds is summarised as below:

[All amounts are in Rs Mn]

Object of the issue as per prospectus	**Amount to be utilised as per prospectus**	**Utilisation up to Decemebr 31, 2023**	**Unutilised amount up to December 31, 2023**
Towards funding of capital expenditure	603.95	-	603.95
Repayment/prepayment, in part or full, of certain of the borrowings availed by the Company	1,381.88	-	1,381.88
General corporate purposes	241.66	-	241.66
Total	**2,227.49**	**-**	**2,227.49**

4 The figures for the quarter and nine months ended December 31, 2022, as reported in these unaudited consolidated financial results have been approved by the Company's Board of Directors, but have not been subjected to review by statutory auditors since the requirement of submission of quarterly consolidated financial results is applicable on listing of equity shares of the Company, which is from quarter ended December 31, 2023.

5 The figures for the half year ended September 30, 2023 and for the quarter ended June 30, 2023 were audited by statutory auditors for the purpose of inclusion of financial statements in Prospectus of the Company. Accordingly, the figures for quarter ended September 30, 2023 are the balancing figures arrived at based on the audited figures for half year ended September 30, 2023 and quarter ended June 30, 2023.

6 On October 14, 2020, the Company had subscribed for 10,000 equity share of SGD 1 each in Azad Engineering Pte Limited, a wholly owned subsidiary. The Company made an application for strike off on September 13, 2023 which has been approved on January 08, 2024.

7 The operations of the Company are predominantly relate to the manufacture and sale of high precession and OEM components. As such there is only one primary reportable segment as per Ind AS 108 "Operating Segments".

8 The Company, during its board and shareholders' meetings held on September 14, 2023 and September 15, 2023, respectively, approved the sale of investment in subsidiaries (Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd) to Mr. Rakesh Chopdar (Chairman and CEO). As a result of this sale, the Company made a profit of Rs 15.66 Mn and Rs 40.38 Mn respectively which has been classified as other income. Hence these subsidiaries are consolidated till September 15, 2023.

9 On December 11, 2023, a total of 1,600 Compulsorily Convertible Debentures of Piramal Structured Credit Opportunities Fund, outstanding as at December 10, 2023, were converted into 4,978,062 Equity Shares. The conversion was adjusted to the Equity Share capital and other equity for Rs. 1,600 Mn. Consequently, these shares were offered for sale by Piramal Structured Credit Opportunities Fund in the IPO. As per the contractual terms interest provided for in excess of the coupon rate amounting to Rs 175.62 Mn is no longer payable and accordingly reclassified to other income.

10 Pursuant to a resolution of the shareholders dated September 12, 2023, 1,651,826 equity shares of face value of Rs 10/- each of the Company were split into 8,259,130 Equity Shares of face value of Rs 2/- each. Further, pursuant to the shareholder's resolution passed at the extra-ordinary general meeting held on September 12, 2023, the Company issued 5 bonus shares of face value of Rs 2/- each for every 1 existing fully paid-up Equity Share of face value Rs 2/- each.

For and on behalf of Board of Directors

Rakesh Chopdar

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Date: 2024.02.06 15:43:42 +05'30'

Place: Hyderabad
Date : February 06, 2024

Rakesh Chopdar
Chairman and CEO

MSKA & Associates
Chartered Accountants

1101/B, Manjeera Trinity Corporate
JNTU-Hitech City Road, Kukatpally
Telangana, Hyderabad 500072, INDIA

Independent Auditor's Review Report on consolidated unaudited financial results of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) for the quarter and year to date pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To the Board of Directors of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

1. We have reviewed the accompanying Statement of consolidated unaudited financial results of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) (hereinafter referred to as 'the Holding Company'), its subsidiaries, (the Holding Company and its subsidiaries together referred to as the 'Group') for the quarter ended September 30, 2024 and the year to-date results for the period from April 01, 2024 to September 30, 2024 ('the Statement') attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder ('Ind AS 34') and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33 (8) of the Regulations, to the extent applicable.

4. This Statement includes the results of the Holding Company and the following entities:

Sr. No	Name of the Entity	Relationship with the Holding Company
1	Azad VTC Private Limited	Subsidiary
2	Azad Prime Private Limited	Subsidiary

MSKA & ASSOCIATES Hyderabad Chartered Accountants

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Ananthakrishnan Govindan
Partner
Membership No.: 205226
UDIN: 24205226BKEAPF3715

Place: Hyderabad
Date: November 11, 2024

Azad Engineering Limited [formerly known as Azad Engineering Private Limited]

CIN: U74210TG1983PLC004132

Registered office address: 90/C,90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad, Telangana, India, 500055

Statement of consolidated unaudited financial results for the quarter and half year ended September 30, 2024

[All amounts are in Rs Mn]

S.No	Particulars	Quarter ended			Half year ended		Year ened
		September 30, 2024 [Unaudited]	June 30, 2024 [Unaudited]	September 30, 2023 [Refer Note 5]	September 30, 2024 [Unaudited]	September 30, 2023 [Refer Note 5]	March 31, 2024 [Audited]
	Income:						
I	Revenue from operations	1,115.35	984.09	828.37	2,099.44	1,587.47	3,407.71
II	Other income	15.28	6.12	106.41	21.40	107.88	319.93
III	**Total income (I+II)**	**1,130.63**	**990.21**	**934.78**	**2,120.84**	**1,695.35**	**3,727.64**
IV	**Expenses:**						
	Cost of materials consumed	255.39	168.93	172.46	424.32	289.63	667.63
	Changes in inventories of finished goods and work-in-progress	(96.94)	(15.72)	(51.29)	(112.66)	(90.64)	(207.41)
	Employee benefit expense	222.25	204.39	182.90	426.64	337.66	742.65
	Finance costs	48.71	32.82	117.35	81.53	218.60	472.65
	Depreciation and amortisation expense	67.65	60.15	50.73	127.80	98.43	205.30
	Other expenses	336.06	296.08	261.16	632.14	525.53	1,038.96
	Total expenses	**833.12**	**746.65**	**733.31**	**1,579.78**	**1,379.21**	**2,919.78**
V	**Profit before tax for the period/year (III-IV)**	**297.51**	**243.56**	**201.47**	**541.07**	**316.14**	**807.86**
VI	**Tax expenses**						
	Current tax	82.64	66.66	34.98	149.30	55.20	146.21
	Deferred tax	6.05	5.67	(28.36)	11.72	(7.95)	75.85
	Total tax expense	**88.69**	**72.33**	**6.62**	**161.02**	**47.25**	**222.06**
VII	**Profit for the period/year (V-VI)**	**208.82**	**171.23**	**194.85**	**380.05**	**268.89**	**585.80**
	Attributable to						
	Shareholders of the Company	210.09	171.23	194.85	381.32	268.89	585.80
	Non controlling interest	(1.27)	-	-	(1.27)	-	-
VIII	**Other comprehensive income/(loss) (net of taxes)**						
	Remeasurement gains / (losses) on defined benefit plans	(6.08)	1.65	(3.75)	(4.43)	(3.23)	(3.58)
	Tax relating to above items	1.77	(0.48)	-	1.29	(0.15)	1.04
	Total other comprehensive income/(loss) for the period/year	**(4.31)**	**1.17**	**(3.75)**	**(3.14)**	**(3.38)**	**(2.54)**
IX	**Total comprehensive income for the period/year (VII+VIII)**	**204.51**	**172.40**	**191.10**	**376.91**	**265.51**	**583.26**
	Attributable to						
	Shareholders of the Company	205.78	172.40	191.10	378.18	265.51	583.26
	Non controlling interest	(1.27)	-	-	(1.27)	-	-
X	Paid up equity share capital (Face value Rs 2/- each fully paidup)	118.23	118.23	99.11	118.23	99.11	118.23
XI	Reserves excluding revaluation reserve						6,332.40
XII	**Earnings per equity share (Face value Rs 2/- each fully paidup)**						
	(1) Basic (in Rs)*	3.55	2.90	3.93	6.45	5.43	11.20
	(2) Diluted (in Rs)*	3.55	2.90	3.93	6.45	5.43	11.20
	* Not annualised	*	*	*	*	*	
	See accompanying notes to the consolodated unaudited financial results						

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Azad Engineering Limited [Formerly Azad Engineering Private Limited]

CIN: U74210TG1983PLC004132

Consolidated Statement of Assets and Liabilities

[All amounts are in Rs Mn]

Particulars	As at September 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,649.67	2,545.41
Right-of-use assets	149.20	27.33
Capital work-in-progress	568.45	454.34
Financial assets		
(ii) Other financial assets	258.60	246.92
Other non-current assets	1,300.49	479.71
Total non-current assets	**4,926.41**	**3,753.71**
Current assets		
Inventories	1,542.20	1,329.63
Financial assets		
(i) Trade receivables	2,262.59	1,699.53
(ii) Cash and cash equivalents	321.34	281.86
(iii) Bank balances other than (ii) above	39.46	307.32
(iv) Other financial assets	0.02	-
Other current assets	636.77	598.74
Total current assets	**4,802.38**	**4,217.08**
Total assets	**9,728.79**	**7,970.79**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	118.23	118.23
Other equity	6,710.58	6,332.40
Attitubutable to owners of the parent	**6,828.81**	**6,450.63**
Non controlling interest (NCI)	(1.08)	-
Total equity	**6,827.73**	**6,450.63**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	953.49	271.13
(ia) Lease liabilities	126.56	20.05
Provisions	44.67	36.08
Deferred tax liabilities (net)	237.71	210.68
Total non-current liabilities	**1,362.43**	**537.94**
Current liabilities		
Financial liabilities		
(i) Borrowings	529.56	100.44
(ia) Lease liabilities	20.46	2.71
(ii) Trade payables		
(a) total outstanding dues of micro and small enterprises	221.50	208.62
(b) total outstanding dues of creditors other than micro and small enterprises	311.00	290.92
(iii) Other financial liabilities	174.82	118.63
Provisions	7.09	4.26
Other current liabilities	174.45	228.72
Current tax liabilities (net)	99.75	27.92
Total current liabilities	**1,538.63**	**982.22**
Total liabilities	**2,901.06**	**1,520.16**
Total equity and liabilities	**9,728.79**	**7,970.79**

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Azad Engineering Limited (Formerly Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Statement of Cash Flows

[All amounts are in Rs Mn]

Particulars		Half Year Ended September 30, 2024 (Unaudited)	Half Year Ended September 30, 2023 (Refer note 5)
A. Cash flow from operating activities			
Profit before tax		541.07	316.14
Adjustments for :			
Depreciation and amortisation expense		127.80	98.43
Finance costs		81.53	218.60
Gain on derecognition of financial liabilities		(2.00)	-
Net unrealized foreign exchange gain		(5.59)	1.76
Provision for credit impaired trade receivable		23.70	3.96
Interest income		(14.47)	(3.09)
Profit on sale of property plant and equipment		-	(42.00)
Gain on sale of investment in subsidiary		-	(56.08)
Operating cash flows before working capital changes		**752.04**	**537.72**
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		(581.17)	(152.66)
Inventories		(212.57)	(195.98)
Other financial assets		(7.08)	(19.33)
Other current assets		(38.03)	(149.04)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		32.96	(56.00)
Other financial liabilities		189.88	17.17
Provisions		11.42	10.14
Other liabilities		(58.70)	(5.87)
Cash generated from / (used in) operations		**88.75**	**(13.85)**
Income taxes paid (net of refund)		(60.87)	(72.00)
Net cash flow used in operating activities	**A**	**27.88**	**(85.85)**
B. Cash flows from investing activities			
Purchase of property, plant and equipment (including capital work in progres and capital advances)		(1,281.76)	(213.36)
Loans & advances given		(17.75)	-
Proceeds from sale of property plant and equipment		-	42.02
Proceeds from sale of investment in subsidiaries		-	118.86
Deposits (placed)/ matured with banks		273.93	188.51
Interest received		14.47	3.09
Net cash flow used in investing activities	**B**	**(1,011.11)**	**139.12**
C. Cash flow from financing activities			
Proceeds from issue of equity shares		0.19	-
Proceeds from/(repayment) of long term borrowings (net)		682.36	(136.19)
Principal paid on lease liabilities		(9.43)	(5.59)
Interest paid on lease liabilities		(6.04)	-
Proceeds from/(repayment) of short term borrowings (net)		429.12	314.83
Interest (paid)/Received		(73.49)	(218.60)
Net cash flow from financing activities	**C**	**1,022.71**	**(45.55)**
Net increase in cash and cash equivalents	**A+B+C**	39.48	7.72
Cash and cash equivalents at the beginning of the year		281.86	194.06
Cash and cash equivalents at the end of the period		**321.34**	**201.78**

Notes:

1 The Consolidated unaudited Financial Results for the quarter and half year ended September 30, 2024 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meetings held on November 11, 2024. The statutory auditors have carried out limited review of these Consolidated unaudited Financial Results and have issued an unmodified report on these results.

2 The consolidated unaudited financial results include results of the following subsidiaries:

Sno	Name of the subsidiary	Relationship
I	Azad VTC Private Limited	Subsidiary
II	Azad Prime Private Limited	Subsidiary

3 The above results have been prepared in accordance with the Indian Accounting Standard (Ind AS)- 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

4 The Company has completed an Initial Public Offer ("IPO") of 14,122,108 Equity Shares at the face value of Rs 2/- each at an issue price of Rs 524/- per Equity share, comprising a fresh issue of 4,580,151 shares. Rs. 2,227.49 Mn have been received in the Escrow account (net off estimated offer expenses Rs 172.51 Mn) from proceeds of fresh issue of equity shares. Full amount of Rs. 2,227.49 Mn have been transferred to the company's account. Further, the fund raised from Offer for sale were remitted to the selling shareholders (net off estimated offer expenses borne / to be borne by the selling shareholders). The utilisation of the net proceeds is summarised as below:

[All amounts are in Rs Mn]

Object of the issue as per prospectus	Amount to be utilised as per prospectus	Utilisation up September 30, 2024	Unutilised amount up to September 30, 2024
Towards	603.95	277.53	326.42
Repayment/prepayment, in part or full, of certain of the borrowings availed by the Company*	1,381.88	1,357.10	24.78
General corporate purposes**	241.66	420.00	(178.34)
Total	**2,227.49**	**2,054.63**	**172.86**

*The balance of 24.78 mn will be utilised by the company for repayment of the balance debts.

**The Company has utilised Rs. 420.00 Mn towards General Corporate Purpose as against the amount of Rs. 241.66 Mn as estimated and stated in the prospectus. The excess utilisation of Rs.178.34 Mn is from the proceeds estimated for the capital expenditure. However, these amounts are within the limits of 25% of gross proceeds of fresh issue as set out in the prospectus as per the requirements of SEBI ICDR Regulations.

5 The figures for the quarter ended June 30, 2023 were audited by us for the purpose of inclusion of financial statements in the Draft Red Herring Prospectus and for the half year ended September 30, 2023 were audited by us for the purpose of inclusion of financial statements in Prospectus of the Company. Figures for the quarter ended September 30, 2023 is the balancing figures between the above two audited periods.

6 The operations of the Company predominantly relate to the manufacture and sale of high precession and OEM components. As such there is only one primary reportable segment as per Ind AS 108 "Operating Segments".

7 The Company, during its board and shareholders' meetings held on September 14, 2023 and September 15, 2023 respectively, approved the sale of investment in subsidiaries (Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd) to Mr. Rakesh Chopdar(Chairman and CEO). Consequently, these companies are no longer subsidiaries. Accordingly, the consolidated results of quarter and half year ended September 30, 2024 are not comparable with the quarter and half year ended September 30, 2023 and year ended March 31, 2024.

8 Azad VTC Private Limited a wholly owned subsidiary was incorporated in the first quarter of FY 2024-25 with an objective to engage in the business of coatings. Pursuant to the Asset Purchase Agreement dated 09 May 2024, the company acquired certain assets during the current quarter. Further, pursuant to the Share holder agreement (SHA) dated May 09, 2024 the company issued 9,608 shares to Mr Ravi Kumar at face value of Rs. 10/- each. Consequently, the revised shareholding stands at 51% by Azad Engineering Limited and 49% by Mr. Ravi Kumar. As per the terms of the SHA Azad Engineering limited has a call option to purchase the shares held by Mr. Ravi Kumar.
Accordingly the consolidated results for the quarter and half year ended September 30, 2024, are not comparable with the quarter and half year ended September 30, 2023 and year ended March 31, 2024

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

9 The Azad Prime Private Limited a wholly owned subsidiary was incorporated in the first quarter of FY 2024-25 with an objective to engage in the business of producing components for small and modular reactors (SMRs) for the nuclear energy sector. In the current quarter, Azad Prime Private Limited has enetered into a Asset Purchase Agreement dated July 25, 2024 with Leo Primecomp Private Limited to acquire certain assets. The asset purchase is in progress and expected to be completed by foruth quarter of FY 2024-25. The company issued 9,608 shares to Leo Primecomp Private Limited at face value of Rs. 10/- each in terms of the Shareholders Agreement dated July 25, 2024. Consequently, the revised shareholding stands at 51% by Azad Engineering Limited and 49% by Leo Primecomp Private Limited.

Accordingly the consolidated results of quarter and half year ended September 30, 2024, are not comparable with the quarter and half year ended September 30, 2023 and year ended March 31, 2024

By the order of the board
For Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Place: Hyderabad
Date : November 11, 2024

M S K A & ASSOCIATES Hyderabad Chartered Accountants

MSKA & Associates
Chartered Accountants

1101/B, Manjeera Trinity Corporate
JNTU-Hitech City Road, Kukatpally
Telangana State, Hyderabad 500072, INDIA

INDEPENDENT AUDITOR'S REPORT

To the Members of Azad Engineering Limited (formerly known as Azad Engineering Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Azad Engineering Limited (formerly known as Azad Engineering Private Limited) (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2024, of consolidated profit including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc but does not include the consolidated financial statements and our auditor's report thereon. The information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

1. We did not audit the financial statements of the two Indian subsidiaries, whose financial information reflects total revenue of Rs.0.35 Mn, total net loss after tax Rs. 0.03 Mn, total comprehensive loss of Rs. 0.03 Mn for the period April 01, 2023 to September 15, 2023 respectively as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

2. We did not audit the financial statement of the one foreign subsidiary , whose financial information reflects total revenue of Rs. nil, total net loss after tax Rs. nil, total comprehensive loss of Rs. nil for the period April 01, 2023 to January 07, 2024 respectively as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g)

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g)

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 28 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

iv.

1. The respective Managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associates and joint ventures to or in any other person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associates and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

2. The respective Managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in india whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries, associates and joint ventures from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. 8ased on our examination, the Holding company has used an accounting software for maintaining its books of account during the year ended March 31, 2024,which has a feature of recording audit trail (edit log) facility, except that no audit trail feature was enabled at the database level during the year ended March 31, 2024, in respect of the software (SAP 81), to log any direct data changes. The books of account of the two wholly owned subsidiary companies are maintained in an electronic mode but not using an accounting software i.e., books of account have been maintained manually. Accordingly, reporting under Rule 11(g) of sub-section 3 of Section 143 of the Act is not applicable for these two subsidiary companies.

Further, the audit trail facility has been operated throughout the year for all relevant transactions recorded in the accounting software, except for the software at the database level, as stated above, in respect of which the audit trail facility has not operated throughout the year. Also, during the course of our examination, we and did not come across any instance of audit trail feature being tampered with.

2. In our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder except in case of 2 subsidiaries as the provisions of the aforesaid section is not applicable to private companies.

3. According to the information and explanations given to us, the details of Qualifications/adverse remarks made by the respective auditors of the subsidiaries in the Companies (Auditor's Report) Order 2020 (CARO) Reports issued till the date of our audit report for the companies included in the consolidated financial statements are as follows:

Sr. No	Name of the Company	CIN	Type of Company (Holding /Subsidiary/ Associate)	Clause number of the CARO Report which is qualified or Adverse
1	Azad Engineering Limited	U74210TG1983PLC004132	Holding Company	Clause i(c)
2	Azad Engineering Limited	U74210TG1983PLC004132	Holding Company	Clause iii(a) and iii(f)
3	Azad Engineering Limited	U74210TG1983PLC004132	Holding Company	Clause vii(a) and vii(b)
4	Azad Engineering Limited	U74210TG1983PLC004132	Holding Company	Clause x(a)

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No. 205226
UDIN: 24205226BKEAIW8202

Place: Hyderabad
Date : May 21, 2024

ANNEXURE A TO TNE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON TNE CONSOLIDATED FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED(FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.

- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No.205226
UDIN: 24205226BKEAIW8202

Place: Hyderabad
Date: May 21, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED(FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Azad Engineering Limited(formerly known as Azad Engineering Private Limited) on the consolidated Financial Statements for the year ended March 31, 2024]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls reference to consolidated financial statements of Azad Engineering Limited(formerly known as Azad Engineering Private Limited) (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the internal financial controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI").

Management and Board of Director's Responsibility for Internal Financial Controls

The respective Management and the Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in india, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to

consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

M S K A & ASSOCIATES ★ Hyderabad ★ Chartered Accountants

Ananthakrishnan Govindan
Partner
Membership No.205226
UDIN: 24205226BKEAIW8202

Place: Hyderabad
Date: May 21, 2024

Azad Engineering Limited [Formerly Azad Engineering Private Limited]
CIN: U74210TG1983PLC004132
Consolidated Balance Sheet as et March 31, 2024
(All amounts are ₹ millions, unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	2,545.41	2,166.54
Right-of-use assets	3(b)	27.33	-
Capital work-in-progress	4	454.34	379.86
Financial assets			
-Other financial assets	5	246.92	33.72
Other non-current assets	6	479.71	475.67
Total non-current assets		**3,753.71**	**3,055.79**
Current assets			
Inventories	7	1,329.63	860.63
Financial assets			
(I) Trade receivables	8	1,699.53	1,186.63
(II) Cash and cash equivalents	9(a)	281.86	194.06
(III) Bank balances other than (II) above	9(b)	307.32	333.27
(iv) Other financial assets	5	-	0.91
Other current assets	10	598.74	260.79
Total current assets		**4,217.08**	**2,836.29**
Total assets		**7,970.79**	**5,892.08**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	118.23	16.52
Other equity	12	6,332.40	2,023.36
Total equity		**6,450.63**	**2,039.88**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13	271.13	2,208.61
(Ia) Lease liabilities	3(b)	20.05	-
Provisions	16	36.08	25.64
Defarred tax liabilities (net)	17	210.68	135.87
Total non-current liabilities		**537.94**	**2,370.12**
Current liabilities			
Financial liabilities			
(i) Borrowings	14	100.44	797.40
(ia) Lease liabilities	3(b)	2.71	-
(ii) Trade payables	15		
(a) total outstanding dues of micro and small enterprises		208.62	191.78
(b) total outstanding dues of creditors other than micro and small enterprises		290.92	303.23
(iv) Other financial liabilities	18	118.63	123.36
Provisions	16	4.26	2.74
Other current liabilities	19	228.72	38.64
Current tax liabilities (nat)	20	27.92	24.93
Total current liabilities		**982.22**	**1,482.08**
Total liabilities		**1,520.16**	**3,852.20**
Total equity and liabilities		**7,970.79**	**5,892.08**
See accompanying notes forming part of the consolidated financial statements	1-42		

As per our report even date
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: May 21, 2024

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly Azad Engineering Private Limited)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Ronak Jajoo
Chief Financial Officer

Place: Hyderabad
Date: May 21, 2024

Jyoti Chopdar
Whole time Director
DIN : 03132157

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: May 21, 2024

Azad Engineering Limited (Formerly Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Statement of Profit and Loss for the year ended March 31, 2024
(All amounts are ₹ millions, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Income			
Revenue from operations	21	3,407.71	2,516.75
Other income	22	319.93	98.46
Total income (I)		**3,727.64**	**2,615.21**
II. Expenses			
Cost of materials consumed	23 (a)	667.63	495.22
Changes in inventories of finished goods and work-in-progress	23 (b)	(207.41)	(193.71)
Employee benefits expense	24	742.65	592.69
Finance costs	25	472.65	523.82
Depreciation and amortisation expense	26	205.30	165.83
Other expenses	27	1,038.96	899.77
Total expenses (II)		**2,919.78**	**2,483.62**
III. Profit before tax for the year (I-II)		**807.86**	**131.59**
IV. Tax expenses			
Current tax	36	146.21	28.16
Deferred tax	36	75.85	18.70
Total tax expense (IV)		**222.06**	**46.86**
V. Profit after tax for the year (III-IV)		**585.80**	**84.73**
VI. Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Re-measurement gains/(losses) on defined benefit plans		(3.58)	2.90
Tax related to above items		1.04	(0.84)
Total other comprehensive (loss) / income for the year (VI)		**(2.54)**	**2.06**
VII. Total comprehensive income for the year (V + VI)		**583.26**	**86.79**
VIII. Earnings per share (Face value of share ₹ 2 each)			
- Basic	30	11.20	1.80
- Diluted		11.20	1.80
See accompanying notes forming part of the consolidated financial statements	1-42		

As per our report even date
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Place: Hyderabad
Date: May 21, 2024

Azad Engineering Limited (Formerly Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Statement of Changes in Equity for the year ended March 31, 2024
(All amounts are ₹ millions, unless otherwise stated)

A. Equity share capital

Particulars	Note	No. of Shares	Amount
As at April 01, 2022		**15,13,200**	**15.13**
Changes in equity share capital during the year	11	1,38,626	1.39
As at March 31, 2023		16,51,826	16.52
Changes in equity share capital during the year	11	5,74,61,167	101.71
As at March 31, 2024		**5,91,12,993**	**118.23**

B. Other equity

Particulars	Note	Reserves and surplus			Other comprehensive income	Total
		Securities premium	Retained earnings	Capital redemption reserve	Remeasurement of defined benefit obligations	
Balance as at April 01, 2022	**12**	**2.97**	**1,146.79**	**39.00**	**(3.82)**	**1,184.94**
Profit for the year		-	84.73	-	-	84.73
Other comprehensive income (net of tax)		-	-	-	2.06	2.06
Issue of equity shares		571.63	-	-	-	571.63
Allotment of Equity shares pursuant to conversion of CCD's into Equity		180.00	-	-		180.00
Balance as at March 31, 2023	**12**	**754.60**	**1,231.52**	**39.00**	**(1.76)**	**2,023.36**
Profit for the year		-	585.80	-	-	585.80
Other comprehensive income (net of tax)		-	-	-	(2.54)	(2.54)
Issue of equity shares		2,390.84	-	-	-	2,390.84
Allotment of Equity shares pursuant to conversion of CCD's into Equity		1,590.04	-	-	-	1,590.04
Share issue expenses		(172.51)	-	-	-	(172.51)
Amount utilised for bonus issue		-	(82.59)	-	-	(82.59)
Balance at March 31, 2024		**4,562.97**	**1,734.73**	**39.00**	**(4.30)**	**6,332.40**

See accompanying notes forming part of the consolidated financial statements 1-42

As per our report even date
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: May 21, 2024

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Place: Hyderabad
Date: May 21, 2024

Azad Engineering Limited (Formerly Azad Engineering Private Limited)
CIN: U74210TG1983PLC004132
Consolidated Statement of Cash flows for the year ended March 31, 2024
(All amounts are ₹ millions, unless otherwise stated)

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from operating activities			
Profit before tax		807.86	131.59
Adjustments for :			
Depreciation and amortisation expense		205.30	165.83
Finance costs		472.65	523.82
Loss due to fire		-	31.79
Gain on derecognition of financial liabilities		175.62	-
Net unrealized foreign exchange gain		(6.24)	(27.15)
Provision for credit impaired trade receivable		21.39	4.75
Interest income		(14.02)	(26.73)
Profit on sale of property plant and equipment		(42.00)	-
Gain on sale of investment in subsidiary		(56.03)	-
Operating profit before working capital changes		**1,564.53**	**803.90**
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		(528.05)	(417.92)
Inventories		(469.00)	(308.27)
Other financial assets		(207.92)	(17.08)
Other current assets		(337.04)	(80.85)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		4.53	49.90
Other financial liabilities		18.03	(34.74)
Provisions		11.96	14.67
Other liabilities		19.71	(15.31)
Cash generated from / (used in) operations		**76.75**	**(5.70)**
Income taxes paid (net of refund)		(145.24)	(96.39)
Net cash flow used in operating activities	**A**	**(69.49)**	**(102.09)**
B. Cash flows from investing activities			
Purchase of property, plant and equipment (including capital work in progres and capital advances)		(753.40)	(856.22)
Proceeds from sale of property, plant and equipment		42.02	18.77
Proceeds from sale of investment in subsidiaries		118.86	-
Deposits (placed)/ matured with banks		25.95	(200.79)
Interest received		14.02	26.73
Net cash flow used in investing activities	**B**	**(552.55)**	**(1,011.51)**
C. Cash flow from financing activities			
Proceeds from issue of equity shares		2,400.00	573.46
Proceeds from long term borrowings		437.39	177.45
Proceeds from issuance of optionally and compulsorily convertible debentures		-	1,600.00
Principal paid on lease liabilities		(1.68)	-
Interest paid on lease liabilities		(1.18)	-
Repayment of long term borrowings		(955.05)	(614.81)
Proceeds from/(repayment) of short term borrowings (net)		(696.96)	51.13
Interest paid		(472.65)	(523.82)
Net cash flow generated from financing activities	**C**	**709.87**	**1,263.41**
Net increase in cash and cash equivalents	**A+B+C**	87.83	149.81
Cash and cash equivalents at the beginning of the year		194.06	44.25
Cash and cash equivalents at end of the year (Refer Note 9)		**281.89**	**194.06**
See accompanying notes forming part of the consolidated financial statements	1-42		

As per our report even date
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: May 21, 2024

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly Azad Engineering Private Limited)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Ronak Jajoo
Chief Financial Officer

Place: Hyderabad
Date: May 21, 2024

Jyoti Chopdar
Whole time Director
DIN: 03132157

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: May 21, 2024

1 Corporate information

Azad Engineering Limited (Formerly Azad Engineering Private Limited) ('the parent company'/'holding company') is one of the only Indian manufacturers of highly engineered, complex, mission and life critical high precision components. Our products include 3D rotating airfoil portions of turbine engines and other key products for combustion, hydraulics, flight-controls, propulsion and actuation which power defence and civil aircrafts, spaceships, defence missiles, nuclear power, hydrogen, gas power, oil and thermal power.

The Company was incorporated in September 1983, under the Companies Act, 1956, and is having its registered office at 90/C,90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad, Telangana - 500055. The Company was converted to public limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on July 14, 2023. Consequently, the name of the Company was changed to "Azad Engineering Limited".

The equity shares of the Company were listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') on December 28, 2023.

2 Material accounting policies

2.1 Basis of preparation and measurement

(i) Statement of compliance & basis for preparation

These Consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (the "Act"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and relevant amendment rules issued thereafter.

The company has prepared the Consolidated financial statements on a going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

These Consolidated financial statements were approved by board of directors and authorised for issue on May 21, 2024

(ii) Functional and presentation currency

These consolidated Financial Statements are presented in Indian Rupees., which is also the Company's functional currency. consolidated Financial Statements presented in Indian rupees have been rounded-off to two decimal places to the nearest Millions except share data or as otherwise stated.

(iii) Basis of measurement

The consolidated Financial Statements have been prepared on the historical cost basis except for the following items:

· Certain financial assets and liabilities	: Measured at fair value
· Borrowings	: Amortised cost using effective interest rate method
· Net defined benefit (asset)/ liability	: Present value of defined benefit obligations

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with the recogition and measurement principles of Ind AS requires management to make estimates, judgements and assumptions that affects the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Assumptions and estimation uncertainties

The Company uses critical accounting judgements, estimates and assumptions in preparation of its consolidated financial statements, for the following areas:

- Determining an asset's expected useful life and the expected residual value at the end of its life.
- Impairment of non financial assets and financial assets;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets- availability of future taxable profit against which tax losses carried forward can be used

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for financial assets and financial liabilities
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(vi) Operating cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as twelve (12) months.

(vii) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.
(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual arrangements;
(iii) The Group's voting rights and potential voting rights;
(iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing these consolidated financial information to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on March 31 or upto the date till relation of parent-subsidiary existed.

Consolidation procedures:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment and intangible assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profit and losses resulting from intragroup transactions.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.

(ii) Derecognises the carrying amount of any non-controlling interests.

(iii) Derecognises the cumulative translation differences recorded in equity.

(iv) Recognises the fair value of the consideration received.

(v) Recognises the fair value of any investment retained.

(vi) Recognises any surplus or deficit in profit or loss.

(vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries considered in the Consolidated financial information:

Name of the entity	Relationship	Country of Incorporation	Ownership interest in %	
			March 31, 2024	March 31, 2023
Rouland Chemicals Private Limited#	Subsidiary	India	0%	100%
Swastik Coaters Private Limited#	Subsidiary	India	0%	100%
Azad Engineering Pte Ltd*	Subsidiary	India	0%	100%

* With effect from September 16, 2023, the Company sold its investment in Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd. Accordingly, these entities ceased to be subsidiaries of Azad Engineering Limited due to complete sale of investment in subsidiaries.

#During the month of 14 October 2020, the Company has subscribed for investment in Azad Engineering Pte Limited - 10,000 equity share of SGD 1 each, as 100% subsidiary of the Company, domiciled in Singapore. The shares are allotted by the subsidiary for which amount is yet to be paid by the Company. The Company made an application for strike off and this application has been approved on January 08, 2024.

2.2 Summary of material accounting policies

A. Revenue recognition

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

***i)* Sale of products:**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations. No significant element of financing is deemed present for the sales made with a credit term, which is consistent with market practice. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115.

***ii)* Sale of services:**

The Company renders job work services that are provided separately. The Company recognizes revenue from sale of services at a point in time, when products are sent to the customer after completion.

***iii)* Export benefits:**

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

***iv)* Interest income:**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss

B. Borrowing cost

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

C Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

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AZAD ENGINEERING LIMITED AZAD

Financial assets

i) Initial Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.
For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on twelve (12) month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve (12) month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve (12) months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased if the payment is over due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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iv) Derecognition of financial assets

A financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities:

i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Written - off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

D Property, plant and equipment

i) Recognition and measurement

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment ('PPE') are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

ii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment. Freehold land is measured at cost and not depreciated. All other items of property plant and equipment are stated at cost less accumulated depreciation and impairment loss if any.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which it is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.
Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition.
Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

Based on the technical assessment of useful life, Plant and machinery is being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Act. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The useful lives of the assets adopted by the company based on technical evaluation are given below:

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Useful life table

Category of asset	Useful lives estimated by the management (years)	Useful lives as per Schedule II of Companies Act, 2013 (years)
Plant & machinery	15	7.5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss. Useful lives and residual values are reviewed at each period end and adjusted if appropriate.

iii) Expenditure during construction period:

Capital work-in-progress (CWIP) includes cost of PPE under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date. Expenditure/ income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction.
Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.
Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital advances under "Other non-current assets".

E Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials:
Cost includes purchase price, (excluding those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on weighted average basis.

Raw Materials are valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. These items are considered to be realizable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

b) Finished goods and work in progress (WIP):
Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excludes borrowing costs. It is valued at lower of cost and NRV. Cost of finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of Inventories is computed on weighted average basis.

c) Provision for inventory
Provision of obsolescence on inventories is considered basis the management's estimate, based on demand and market of the inventories.

d) Scrap inventory
Scrap is valued at net realisable value.

e) Tools
Tools used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools, subject to a maximum of 5 years.

F Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

G Employee benefits

(a) Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

(ii) Defined benefit plans

For defined benefit plans, the cost of providing benefits is actuarially valued using the projected unit credit method, at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income (OCI) in the period in which they occur. Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

***(iii)* Compensated Absences:**

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

H Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether
(i) the contract involves the use of identified asset;
(ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and;
(iii) the Company has the right to direct the use of the asset.

Company as a lessee:

The Company recognizes a **right-of-use asset ("ROU")** and a lease liability at the lease commencement date. The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised. The ROU is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The **lease liability** is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprises fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

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The lease liability is subsequently measured at amortised cost using the effective interest method, except those which are payable in other than functional currency which is measured at fair value through profit or loss. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU, or is recorded in Statement of Profit or Loss if the carrying amount of the ROU has been reduced to zero.

Lease Liabilities have been presented in 'Financial Liabilities' and the 'ROU' have been presented separately in the Balance Sheet. Lease payments have been classified as financing activities in the Statement of Cash Flows.

Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of 12 months or lower and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

I Taxation

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on independent tax specialist advice.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

J Provision, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in Consolidated Financial Statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

K Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding dnring the year.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average nnmber of equity shares that could have been issued upon conversion of all dilntive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive eqnity shares are adjusted retrospectively for all periods presented for the share splits.

L Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

M Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

N Foreign currency transactions and balances

In preparing the consofidated Financial Statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated nsing the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

O Financial liabilities and equity instruments:

Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

P Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

3(a) Property, plant and equipment

Particulars	Land	Factory buildings	Plant & machinery	Electrical fittings	Furniture and fixtures	Computer & data processing Units	Servers & networks	Office equipment	Vehicles	Total
Gross carrying amount (deemed cost)										
As at April 1, 2022	**82.59**	**99.93**	**1,299.74**	**39.60**	**18.97**	**22.76**	**22.41**	**21.40**	**58.48**	**1,665.88**
Additions	-	20.57	839.57	10.87	3.16	6.55	8.05	15.38	15.70	919.85
Disposals	-	(2.17)	(28.65)	(0.32)	(0.35)	-	-	-	-	(31.49)
Balance as at March 31, 2023	**82.59**	**118.33**	**2,110.66**	**50.15**	**21.78**	**29.31**	**30.46**	**36.78**	**74.18**	**2,554.24**
Additions	-	21.01	537.63	21.20	7.11	14.37	9.45	12.73	28.77	652.27
Disposals	(69.73)	-	-	-	-	(0.08)	-	-	-	(69.81)
Balance as at March 31, 2024	**12.86**	**139.34**	**2,648.29**	**71.35**	**28.89**	**43.60**	**39.91**	**49.51**	**102.95**	**3,136.70**
Accumulated depreciation										
As at April 1, 2022	**-**	**7.35**	**157.31**	**14.75**	**3.98**	**11.78**	**5.29**	**6.05**	**15.36**	**221.87**
Depreciation	-	3.91	133.97	4.49	2.57	5.00	4.19	5.95	8.11	168.19
Disposals	-	(0.13)	(2.10)	(0.06)	(0.07)	-	-	-	-	(2.36)
Balance as at March 31, 2023	**-**	**11.13**	**289.18**	**19.18**	**6.48**	**16.78**	**9.48**	**12.00**	**23.47**	**387.70**
Depreciation	-	4.23	159.37	6.09	2.89	7.51	5.07	8.15	10.32	203.63
Disposals	-	-	-	-	-	(0.04)	-	-	-	(0.04)
As at March 31, 2024	**-**	**15.36**	**448.55**	**25.27**	**9.37**	**24.25**	**14.55**	**20.15**	**33.79**	**591.29**
Net carrying amount										
As at March 31, 2023	**82.59**	**107.20**	**1,821.48**	**30.97**	**15.30**	**12.53**	**20.98**	**24.78**	**50.71**	**2,166.54**
As at March 31, 2024	**12.86**	**223.98**	**2,199.74**	**46.08**	**19.52**	**19.35**	**25.36**	**29.36**	**69.16**	**2,545.41**

Note: Property, plant and equipment pledged as security
Refer note 13 for information on property, plant and equipment pledged as security by the Company.

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3(b) Right- of-use assets (ROU) and lease liabilities

(i) Movement in right- of- use assets and lease liabilities is given below:

a. Right- of-use assets

Particulars	Right of use assets (Land)
Cost	
As at April 01, 2023	-
Additions	29.00
Disposals	-
As at March 31, 2024	**29.00**
Accumulated amortisation	
As at April 01, 2023	-
Amortisation for the year	1.67
Disposals	-
As at March 31, 2024	**1.67**
Net carrying amount as at March 31, 2024	**27.33**

b. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	Amount
As at April 01, 2023	-
Additions during the year	23.26
Finance cost	1.18
Payments	(1.68)
As at March 31, 2024	**22.76**
Break up of the closing lease liabilities	
Current liabilities	2.71
Non-current	20.05

(ii) Payments recognised as expenses during the year

Particulars	Amount
Short term leases for the year ended March 31, 2024 (refer note 27)	11.12
Short term leases for the year ended March 31, 2023 (refer note 27)	8.01

(iii) Contractual maturities of lease liabilities on undiscounted basis as at:

Particulars	Amount
Less than one year	2.96
One to five years	13.41
More than five years	18.17

4 Capital work in progress

Particulars	As at March 31, 2024	As at March 31, 2023
Capital works in progress	454.34	379.86

Ageing of Capital work in progress

Project in progress	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2024	74.48	143.30	236.56	-	454.34
As at March 31, 2023	143.30	236.56	-	-	379.86

There are no projects as Capital Work in Progress as at March 31, 2024 and March 31, 2023 whose completion is overdue or cost of which has exceeds in comparison to its original plan.

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended March 31, 2024: ₹ 35.41 (March 31, 2023 : ₹ 61.48).

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5 Other financial assets

	As at March 31, 2024	As at March 31, 2023
Non-current (at amortised cost)		
(Unsecured considered good)		
Deposits		
Security deposits	47.41	12.42
Deposit accounts with maturity for more than 12 months (refer note below)	199.51	21.30
	246.92	**33.72**

Note: Out of the deposits, amount of ₹ 183.50 as at March 31, 2024 (March 31, 2023: ₹ 20.17) held as lien by banks towards the various fund facilities sanctioned.

Current		
Interest accrued on fixed deposits	-	0.91
	-	**0.91**

6 Other non-current assets

	As at March 31, 2024	As at March 31, 2023
Non-current		
(Unsecured, considered good)		
Capital advances	384.26	379.90
Prepaid expenses	62.11	65.48
Balance with statutory authorities - deposits	33.34	30.29
	479.71	**475.67**

7 Inventories*

	As at March 31, 2024	As at March 31, 2023
Raw material	529.24	252.33
Work in progress	600.70	399.93
Finished goods	19.83	65.03
Scrap inventory	80.99	31.83
Consumable stores, spares & fixtures	98.87	111.51
	1,329.63	**860.63**

* Valued at lower of cost and net realisable value

8 Trade receivables

	As at March 31, 2024	As at March 31, 2023
Secured, considered good		
Unsecured,		
-Considered good (refer note below)	1,699.53	1,186.63
-Credit impaired	36.39	15.00
	1,735.92	**1,201.63**
Allowance for bad and doubtful debts		
Less: Receivables credit impaired	(36.39)	(15.00)
	1,699.53	**1,186.63**

Notes:

i No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.

ii Trade receivables are non-interest bearing and generally on terms of 120 to 180 days

iii Trade receivables include debts from related parties (refer note 29)

iv The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 34

Movement in the allowance for bad and doubtful debts is as follows:

	As at March 31, 2024	As at March 31, 2023
Opening balance	15.00	10.25
Credit loss added	21.39	4.75
Closing balance	36.39	15.00

Ageing schedule of Trade receivables outstanding As at March 31, 2024 is as follows:

Particulars	Not Due	Outstanding for following period from due date of payment					
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables considered good	1,009.67	460.99	98.07	129.15	18.32	19.72	1,735.92
Undisputed Trade receivables credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables credit impaired	-	-	-	-	-	-	-
Total	**1,009.67**	**460.99**	**98.07**	**129.15**	**18.32**	**19.72**	**1,735.92**
Less: Impairment loss on credit impaired Trade receivables	-	-	-	-	-		36.39
Total	**1,009.67**	**460.99**	**98.07**	**129.15**	**18.32**	**19.72**	**1,699.53**

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Ageing schedule of Trade receivables outstanding As at March 31, 2023 is as follows:

Particulars	Not Due	Outstanding for following period from due date of payment					
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables considered good	826.81	245.80	78.93	35.04	3.34	11.71	1,201.63
Undisputed Trade receivables credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables credit impaired	-	-	-	-	-	-	-
Total	**826.81**	**245.80**	**78.93**	**35.04**	**3.34**	**11.71**	**1,201.63**
Less: Impairment loss on credit impaired Trade	-	-	-	-	-	-	15.00
Total	**826.81**	**245.80**	**78.93**	**35.04**	**3.34**	**11.71**	**1,186.63**

9 Cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
(a) Balances with banks		
In current accounts		
In EEFC Accounts	268.05	106.38
Deposits with maturity of less than 3 months [refer note below]	-	0.01
Cash on hand	-	72.26
	13.81	15.41
	281.86	**194.06**
(b) Bank balances other than Cash and cash equivalents:		
- Deposit with maturity for more than 3 months bnt less than 12 months [refer note below]	307.32	333.27
	307.32	**333.27**
	589.18	**527.33**

Note: Out of the deposits, amount of ₹ 1.56 as at March 31, 2024 (March 31, 2023: ₹ 127.27) held as lien by banks towards the various fund facilities sanctioned.

10 Other current assets

	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Advance to suppliers		
Advances to employees	137.13	111.36
Balance with government authorities	8.95	17.35
Other deposits and advances*	262.54	104.02
Prepaid expenses	13.66	10.63
IPO Receivable	18.36	17.43
	158.10	-
	598.74	**260.79**

Other deposits and advances include advances to related parties (refer note 29)

11 Equity share capital

	As at March 31, 2024	As at March 31, 2023
Authorized share capital		
75,000,000 equity shares of ₹ 2 each as at 31 March 2024		
[15,00,0000 equity shares of ₹ 10 each as at March 31, 2023]	150.00	150.00
Issued, subscribed and paid up		
5,91,12,993 equity shares of ₹ 2 each at March 31, 2024		
[1,651,826 equity shares of ₹ 10 each at March 31, 2023]	118.23	16.52
	118.23	**16.52**

Notes:

i) Reconciliation of authorised share capital

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at beginning of the year	1,50,00,000	150.00	1,00,00,000	100.00
Changes during the year (refer note (i) & (ii) below)	6,00,00,000	-	50,00,000	50.00
Outstanding at the end of the year	7,50,00,000	150.00	1,50,00,000	150.00

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	16,51,826	16.52	15,13,200	15.13
Add:				
Impact of shares split (refer note (iii) below)	66,07,304	-		
Allotment of equity shares pursuant to conversion of CCD's into Equity (Refer note 13(vi))	49,78,062	9.96	43,488	0.44
Issue of bonus shares (refer note (iv) below)	4,12,95,650	82.59		
Shares issued during the year (refer note (*) below)	45,80,151	9.16	95,138	0.95
Outstanding at the end of the year	5,91,12,993	118.23	16,51,826	16.52

Shareholders vide the Extra-ordinary general meeting dated have approved the following :

During previous year

i) Authorized Share Capital of the Company increased from ₹. 100.00 divided into 50,00,000 Equity Shares of ₹. 10/- each to ₹.150.00 Mn divided into 1,50,00,000

During Current year

ii) Sub-division of the Authorised Share Capital consisting of 1,50,00,000 equity shares of the Company having face value of ₹. 10 each into 7,50,00,000 equity shares of face value of ₹. 2 each w.e.f., September 12, 2023, without altering the aggregate amount of the same.

iii) Further, the issued, subscribed and paid-up share capital consisting of 16,51,826 equity shares of the Company having face value of ₹. 10 each shall stand sub-divided into 82,59,130 equity shares having face value of ₹. 2 each w.e.f., September 12, 2023 without altering the aggregate amount of such capital and shall rank pari passu in all respects and carry the same rights as to the existing fully paid-up equity shares of ₹ 10 each of the Company.

iv) Issue of fully paid bonus shares of ₹.2 each in proportion of 5 equity shares for every 1 existing equity share by capitalizing a sum of ₹. 82.59 from the retained earnings available with the Company.

* the Company completed an Initial Public Offer ("IPO") of 14,122,108 equity shares at the face value of ₹ 2 each at an issue price of ₹ 524 per equity share, comprising offer for sale of 9,541,957 shares by selling shareholders and a fresh issue of 4,580,151 shares aggregating ₹ 7,399.98. The equity Shares of the Company were listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on December 28, 2023.

iii) Rights, preferences and restrictions attached to equity shares of ₹ 2 each, fully paid up:

The Company had only one class of equity shares having par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv) Shares held by shareholders holding more than 5% in the Company as at:

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% Holding	No. of Shares	% Holding
Rakesh Chopdar	3,83,30,255	64.84%	14,64,435.00	88.66%

v) Shareholding of promoters

Name of promoter	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% Holding	No. of Shares	% Holding
Rakesh Chopdar	3,83,30,255	64.84%	14,64,435.00	0.89
Jyoti Chopdar	-	0.00%	4,800.00	0.00
Shakuntala Chopdar	-	0.00%	1,600.00	0.00

vi) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

12 Other equity

	As at March 31, 2024	As at March 31, 2023
Securities premium (refer note (i))	4,562.97	754.60
Retained earnings (refer note (ii))	1,734.73	1,231.52
Capital redemption reserve (refer note (iii))	39.00	39.00
Other comprehensive income (refer note (iv))	(4.30)	(1.76)
Total other equity	**6,332.40**	**2,023.36**

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Notes:

(i) Securities premium	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	754.60	2.97
Add: Allotment of equity shares on conversion of CCD's	1,590.04	180.00
Add: Issue of shares on private placement	-	571.63
Add: Issue of equity shares during the year	2,390.84	-
Less: Share issue expenses	(172.51)	
Closing balance	**4,562.97**	**754.60**

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

(ii) Retained earnings	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	1,231.52	1,146.79
Add: Profit for the year	585.80	84.73
Less: capitalisation of reserves due to bonus issue	(82.59)	-
Closing balance	**1,734.73**	**1,231.52**

Retained earnings represents the Company's undistributed earning after tax

(iii) Capital redemption reserve	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	39.00	39.00
Add: Transfer from retained earnings	-	-
Balance at the end of the year	**39.00**	**39.00**

Capital redemption reserve represents an amount equal to the nominal value of the preference shares redeemed transferred from retained earnings at the time of redemption of preference shares to the capital redemption reserve. The reserve will be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

iv) Other comprehensive income (OCI)	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement of defined benefit obligations (liability net of tax)		
Opening balance	(1.76)	(3.82)
Add: Actuarial gains/(loss) recognised during the year	(3.58)	2.90
Income-tax thereon	1.04	(0.84)
Closing balance	(4.30)	(1.76)

Remeasurement of defined benefit obligation represents the actuarial gain/(loss) recognised on the defined benefit liabilities and will not be reclassified to retained earnings

13 Long term borrowings (at amortised cost)

	As at March 31, 2024	As at March 31, 2023
Secured		
Compulsorily convertible debentures (refer note (vi))	-	1,648.07
Term loans		
- from bank (refer note (i), (ii) & (iii))	117.75	661.37
- from others (refer note (iv))	213.24	114.32
Vehicle loans (refer note (v))	36.58	23.25
Unsecured		
Loan from related parties (refer note (vii))	-	5.82
Less : Current maturities of long term borrowings	(96.44)	(244.22)
Total	**271.13**	**2,208.61**

(i) Terms of long term loan from ICICI Bank

The outstanding term loan carries a rate of interest ranging from 9.85% to 10.85% to p.a with repayments to be made in 66 monthly equal instalments starting from september, 2025.
The primary security for the loan was secured by way of:
(a) First charge by way of hypothecation on entire Property, plant and equipment of the Company
(b) Second charge by way of hypothecation on entire current assets of the Company
The loan was also secured by collateral security of first charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Limited.

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(ii) Loan from Yes Bank

The outstanding term loan carries a rate of interest 10.50% p.a with repayments to be made in 24 monthly unequal instalments.

The Company has taken the Equipment Finance Loan arrangement flor buying of specific Plant & Machinery. This loan is secured by exclusive charge by way of hypothecation of machinery purchased.

(iii) Terms of Long Term Loan from Consortium Banks (Union Bank of India(UBI), Indusind Bank Limited(Indusind), ICICI Bank Limited(ICICI))

The outstanding term loan carries a rate of interest ranging from 7.5 % to 8.5% p.a with repayments to be made in 6-20 quartly equat instalments.

The primary security foi the loans consists of:

1. First pari-passu charge by way of hypothecation on the company's entire current assets (present and future).
2. Flrst pari-passu charge by way of hypothecation on the company's entire fixed assets (present and future).

The collateral security for the loan includes:

1. First pari-passu charge on industrial land (5178.80 sq. yards) and building at plot no. 90/C, Phase 1, tDA Jeedimetla, Hyderabad, Telangana, in the name of Swastik Coaters Pvt Ltd.
2. First pari-passu charge on industrial land (5392 sq. yards) and building at plot no. 90/D, Phase 1, IDA Jeedimetla, Hyderabad, Telangana, in the name of M/s Rouland Chemicals Pvt Ltd.
3. First pari-passu charge on Industrial land (8831 sq. yards) and building at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APtIC IALA, Pashamylaram, Patancheru, Medak, Telangana, in the name of Azad Engineering Private Limited.

The loan is also secured by the personal guarantees of Mr Rakesh Chopdar and Mrs. Jyoti Chopdar, and the corporate guarantees of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd.

(iv) Loan from TATA Capital

The outstanding term loan carries a rate of interest ranging lrom 9.63 % to 14.29 % p.a with repayments to be made in 24-60 monthly equal instalments.

The company has taken the Equipment Finance Loan arrangement and the same is used foi buying of specific Plant & Machinery and these are secured by exclnsive charge by way of Hypothecation of machinery purchased to be pnrchased out of fund.

(v) Vehicle loans

Vehicle loans from bank amounting to Rs. 36.58 (March 31, 2023: Rs. 23.25) carry interest rate of 7.25% to 11.04% p.a and are repayable in 37- 39 equated monthly instalments. The said loans are secnred by way of hypothecation of vehicles purchased.

(vi) Terms of Compulsorily convertible debentures -Piramal Trusteeship Private Limited

The company has raised the CCD (Compulsory Convertible Debenture) from Piramal Stmctured Credit Opportunities Fund. The investment amount is ₹ 1,600 and company has issned 1,600 fnlly paid –up Compulsorily Convertible Debenture.

The CCD's are secured by

1) 51% share pledge of all the present and futnre shares outstanding of the Issuer, (on a fully dilnted basis, present and fnture and in dematerialised form) shall be reqnired.
2) Non-Disposable Undertaking ("NDU") and Non-encumbrance over the balance shares present and futnre on a fully diluted basis and POA
3) First charge on all machinery purchased from the proceeds of the Instrument (to the tune of ₹ 400.00) and
4) Second Charge on security given to Consortinm Bank.

The CCD carries the coupon of 10% per annum payable monthly, which shall increase to 14% post expiry of 36 months, and then increase by 2% at the beginning of each calendar quarter up to 20% till conversion of the CCDs.

The Instrument has life of 7 years with Put & Call option and minimum assured IRR is 18% or MOIC of 1.35x. There is npside sharing with the company if Piramal make IRR greater than 22%. The CCD will be converted into equity base on pre agreed EV/EBITDA of 18 times of FY 2022-23 net of debt.

On December 11, 2023, Compulsorily Convertible Debentures of Piramal Structured Credit Opportunities Fund, were converted into 4,978,062 Equity Shares.

(vii) The Company has repaid all loans from related parties during the year.

14 Short-term borrowings

	As at March 31, 2024	As at March 31, 2023
Secured		
Working capital loans (refer below note)	4.00	553.18
Current maturities of long term borrowings (refer note 13)	96.44	244.22
	100.44	**797.40**

Details of terms and security in respect of the short-term borrowings:

The short-term borrowings are repayable on demand, renewable on an yearly basis and carries a rate ol interest range lrom 7.5% to 8% p.a

'The company has taken the Working Capital Loan under consortium arrangement which is lead by UBI and has Indusind and ICICI Bank as other members. The company has taken PCFC (Packing Credit Foreign Currency) for funding of working capital requirement

The Primary Security for the loans are;

1) First Pari-passu charge by way of Hypothecation on entire current assets ol the company (Present & Future) and
2) First Pari-passu charge by way of Hypothecation on entire fixed assets ol the company (Present & Future).

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15 Trade payables

	As at March 31, 2024	As at March 31, 2023
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 32)	208.62	191.78
- Total outstanding dues of creditors other than micro enterprises and small enterprises	290.92	303.23
	499.54	495.01

Notes:
Trade payables are non-interest bearing and are normally settled in 30-90 days term.
Refer note 34 for the Company's liquidity and currency risk management process
Refer note 29 for trade payables to related parties

Trade payables ageing schedule as at March 31, 2024

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	104.15	104.47	-	-	-	208.62
(ii) Others	176.39	113.58	0.86	0.09	-	290.92
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
	280.54	218.05	0.86	0.09	-	499.54

Trade payables ageing schedule as at March 31, 2023

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	103.94	85.50	2.34	-	-	191.78
(ii) Others	209.48	86.38	7.32	0.05	-	303.23
(iii) Disputed Dues - MSME		-	-	-	-	-
(iv) Disputed Dues - Others		-	-	-	-	-
(v) Unbilled dues		-	-	-	-	-
	313.42	171.88	9.66	0.05	-	495.01

16 Provisions

	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
i. Provision for gratuity (refer note 33)		
Non-current	36.08	25.64
Current	3.38	2.46
ii. Provision for compensated absences		
Current	0.88	0.28
	40.34	28.38
Non-current	36.08	25.64
Current	4.26	2.74

17 Deferred tax liabilities (net)*

	As at March 31, 2024	As at March 31, 2023
Property, plant and equipment	247.56	203.25
Provision for employee benefits	(11.58)	(9.00)
Borrowings	0.55	(11.22)
MAT credit entitlement	(16.58)	(25.74)
Receivables credit impaired	(10.60)	(4.37)
Provision for others		(0.34)
Right-of-use assets (net of lease liability)	1.33	
On unabsorbed depreciation and business losses	-	(16.71)
	210.68	135.87

*refer note 36

18 Other financial liabilities

	As at March 31, 2024	As at March 31, 2023
Employee related payables	54.69	56.29
Interest accrued but not due on borrowings	1.80	0.71
Capital creditors	18.94	24.32
Others*	43.20	42.04
	118.63	123.36

*Includes payable amounting to ₹ 39.00 to preference shareholders

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19 Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Statutory due payable	12.95	15.02
Advance from customers	31.38	16.51
IPO expense payable	137.69	-
Others payables	46.70	7.11
	228.72	**38.64**

20 Current tax liabilities (net)

	As at March 31, 2024	As at March 31, 2023
Current tax payable	174.16	151.48
Current tax assets		
Advance tax including self assessment tax	(146.00)	(123.15)
TDS and TCS receivable	(0.24)	(3.40)
	27.92	**24.93**

21 Revenue from operations

	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers (refer note 37)		
Sale of products	2,686.82	1,478.89
Sale of services	594.40	937.26
Other operating revenue		
- Scrap sales	105.89	96.90
- Export incentives	20.60	3.70
	3,407.71	**2,516.75**

22 Other income

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain on foreign currency transactions and translations	24.27	60.11
Interest income		
- on fixed deposits	14.02	26.73
- Financial assets at amortised cost	0.58	0.37
Gain on derecognition of financial liabilities*	175.62	9.58
Profit on sale of Property Plant and Equipment	42.00	-
Gain on sale of investment in subsidiary	56.03	-
Miscellaneous income	7.41	1.67
	319.93	**98.46**

*Compulsorily Convertible Debentures of Piramal Structured Credit Opportunities Fund were converted into equity on December 11, 2023. As per the contractual terms interest provided for in excess of the coupon rate amounting to ₹ 175.62 was no longer payable and accordingly reclassified to other income in quarter ended December 31, 2023.

23 (a) Cost of materials Consumed

	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Opening stock of raw material	252.33	204.09
Add: Purchases	944.54	543.46
Less: Closing stock of raw material	(529.24)	(252.33)
	667.63	**495.22**

(b) Changes in inventories of finished goods and work-in-progress

	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventory at the beginning of the year		
Work in progress	399.93	280.10
Finished goods	65.03	20.30
Scrap inventory	29.15	-
	494.11	**300.40**
Inventory at the end of the year		
Work in progress	(600.70)	(399.93)
Finished goods	(19.83)	(65.03)
Scrap inventory	(80.99)	(29.15)
	(701.52)	**(494.11)**
	(207.41)	**(193.71)**
Total material consumed	**460.22**	**301.51**

24 Employee benefits expense

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	676.37	550.50
Contribution to provident and other funds	22.01	18.83
Gratuity expense (refer note 33)	9.29	8.52
Staff welfare expenses	34.98	14.84
	742.65	**592.69**

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25 Finance costs

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on		
- Term loans	51.26	72.25
- Working capital loans	57.41	30.22
- Compulsorily Convertible Debentures	207.55	148.64
- Lease liabilities	1.18	-
- Others	10.01	15.58
Premium on redemption of debentures	-	146.50
Exchange differences adjusted to borrowing costs	14.27	66.10
Bank charges	4.24	3.09
Other borrowing costs	126.73	41.44
	472.65	**523.82**

26 Depreciation expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (refer note 3(a))	203.63	165.83
Amortization of right-to-use assets (refer note 3(b))	1.67	-
	205.30	**165.83**

27 Other expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Stores and spares consumed	142.56	99.90
Job work charges	193.66	175.65
Tools	218.88	179.52
Repairs and maintenance :		
- Machinery	19.48	18.11
- Others	6.96	3.78
Transportation charges	60.22	65.37
Power and fuel	135.60	116.21
Inspection and testing	15.41	5.27
Sales commission	9.05	12.21
Business promotion	5.16	6.34
Communication, broadband and internet expenses	3.08	0.55
Insurance	17.93	20.20
Travelling and conveyance expenses	22.64	9.70
Rent (refer note 3(b))	11.12	8.01
Rates and taxes	37.82	25.71
Professional & consultancy fees	14.50	22.22
Printing , stationary, postage and courier	6.90	9.99
Auditors remuneration	3.90	5.45
Corporate social responsibility (CSR) expenses	4.72	6.02
Loss due to fire	-	31.79
Security charges	14.70	14.00
Outsourced manpower cost	57.21	44.16
Provision for credit impaired trade receivable (refer note 8)	21.39	4.75
Miscellaneous expenses	16.07	14.86
	1,038.96	**899.77**

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28 Contingent liabilities and commitments

(a) Contingent Liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Direct tax	27.23	6.82
Goods and service tax	9.51	-
Customs duty	75.11	86.24
Bank guarantees	-	0.50

Direct tax:

For AY 2022-23, a demand of ₹ 15.71 arose out of an intimation order dated July 26, 2023 passed u/s 143(1) on processing of return of income. The demand was due to credit not allowed in respect of a challan of ₹ 2.00 due to mismatch and denial of deduction claimed u/s 80JJAA amounting to ₹ 33.76. The Company has submitted a request for allowing the credit and submitted necessary application to the authority seeking relief in this matter. Based on the facts and circumstances of the case, management is of the view that application would be considered favourably by the respective authority and necessary relief would be granted.

For AY 2021-22 a demand of ₹ 3.96 was received vide an intimation order dated March 7, 2023 passed u/s 143(1) while processing the of return of income. The demand arose due to denial of deduction claimed u/s 80JJAA amounting to ₹ 7.72. However, the management has submitted necessary application to the authority seeking relief in this matter, based on the facts and circumstaeces of the case, necessary relief would be granted.

For AY 2020-21, a demand of ₹ 6.82 arose due to disallowance made by assessing officer while passing the assessment vide order dated September 24, 2022 . The Company has preferred an appeal against the said assessment order before the Commissioner of Income Tax (Appeals) and the same is pending. The case is yet to be taken up for hearing and necessary action will be taken as soon as the case is taken up for hearing.

For AY 2015-16 there is a demand of ₹ 0.74. Originally a demand had arisen in pursuance of assessment. The company had gone for appeal against assessment order . The company has paid the taxes of ₹ 0.38 based on computation. An order giving affect to the settlement of dispute under Vivad Se Vishwas and taxes paid is to be passed by the officer.

Goods and service tax :

The Company has received an order from the Office of Commissioner Appeals, GST and Central Tax, demanding a payment of ₹ 4.22 for the period January 2022 to March 2022 vide Appeal No. 01/2023 (MD) DGST/145S and ₹ 5.29 for the period April 2022 to July 2022 vide Appeal No. 01/2023 (MD) DGST/145S due to an excess refund claimed. This demand is based on findings related to the improper calculation of the turnover of zero-rated supplies, irregular availment of Input Tax Credit (ITC) on capital goods, and the inclusion of ineligible credit in the Net ITC used to determine the eligible refund amount. The management believes there are valid grounds to contest this order and intends to file an appeal with the GST Tribunal. However, the tribunal has not yet been constituted by the department.

Customs duty:

All of the customs duty notices relate to Advance authorization/ EPCG Authorization licenses granted to the company. These licenses will enable the company to import the goods by claiming upfront examption from payment of customs duty for Raw materials and Capital equipment's respectively. However, the grant of these licenses stipulate for fulfillment of specified export obligation. While the company has largely met the stipulated export obligation, it is yet to obtain and submit export obligation discharge certificate to the customs authorities. The reason for non submission of this document is attributable to delay in fixation of norms by norms committee. The Company has received intimation from Customs towards payment of duty amounting to ₹ 75.11 (March 31, 2023 : ₹ 86.24). Thus, as soon as the input output norms are finalized the company will furnish the requisite documents to customs authorities asking for the closure of the issue.

The Company based on its legal assessment does not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

(b) Capital commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Unexecuted capital orders to the extent not provided for	1,897.71	498.26

29 Related party disclosures

(a) Names of related parties and related party relationship

Name of the related party	Nature of relationship
Subsidiary companies	Swastik Coalers Pvt Ltd (upto September 15, 2023)
	Rouland Chemicals Pvt Ltd (upto September 15, 2023)
	Agen Metcast Pvt Ltd (Ceased to be a subsidiary with effect from June 18, 2021)
	Azad Engineering Pte Ltd
Key managerial persons:	Chairman and Chief Executing Officer– Rakesh Chopdar
	Whole Time Director – Jyoti Chopdar
	Whole Time Director - Vishnu Pramodkumar Malpani (w.e.f September 13, 2023)
	Madhusree Vemuru-Non executive & Independent director (w.e.f September 12, 2023)
	Michael Joseph Booth-Non executive & independent director (w.e.f September 12, 2023)
	Subba Rao Ambati-Non executive & independent director (w.e.f September 24, 2023)
	Chief Financial Officer - Ronak Jajoo (w.e.f September 14, 2023)
	Company Secretary- Ful Kumar Gautam
Relatives of KMPs	Relatives of KMPs - Kartik Chopdar
	Relatives of KMPs - Satwik Chopdar
Entities over which KMPs/ directors and/ or their relatives are able exercise significant influence	Forgan Power Parts Private Limited
	Atlas Fasteners
	Agen Metcast Private Limited (w.e.f June 18, 2021 till January 06, 2023)
	Swastik Coalers Pvt Ltd (w.e.f September 16, 2023)
	Rouland Chemicals Pvt Ltd (w.e.f September 16, 2023)

(b) Transactions with KMP's/directors and their relatives

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
KMPs Remuneration:		
Rakesh Chopdar	43.49	45.90
Jyoti Chopdar	12.00	12.00
Vishnu Pramodkumar Malpani	7.20	4.22
Ful Kumar Gautam	1.92	2.22
Ronak Jajoo	5.29	2.15
KMPs Relatives Remuneration:		
Kartik Chopdar	3.90	3.85
Satwik Chopdar	0.52	0.36
Loan taken/(repaid) from/to related parties (included in long term borrowings)		
Jyoti Chopdar	(3.75)	(2.91)

(c) Balances with KMP's/directors and their relatives

Particulars	As at March 31, 2024	As at March 31, 2023
Loan from related parties (included in long term borrowings)		
Jyoti Chopdar	-	3.75
Other current financial liabilities (Salaries payable)		
Jyoti Chopdar		
Kartik Chopdar	-	3.53
Satwik Chopdar	0.22	0.22
Ful Kumar Gautham	-	0.04
Ronak Jajoo	0.01	
Vishnu Pramodkumar Malpani	0.36	
Satwik Chopdar	0.47	
	0.10	
Advances to employees (included in other current assets)		
Kartik Chopdar		
Satwik Chopdar	0.15	0.15
Ful Kumar Gautham	0.10	-
Vishnu Pramodkumar Malpani	-	1.00
Ronak Jajoo	-	1.00
	-	1.00

(d) Transactions with entities over which KMPs/ directors and/or their relatives are able to exercise significant influence

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rental income (included in other income)		
Atlas Fasteners	-	0.08
Sale of goods or services		
Atlas Fasteners	0.91	0.23
Rental expense:		
Swastik Coaters Pvt Ltd		
Rouland Chemicals Pvt Ltd	0.84	
	0.84	
Financial assets at amortised cost(included in other income)		
Agen Metcast Private Limited	1.19	-
Purchase of goods or services		
Atlas Fasteners	17.60	8.22
Security deposits (included in non current financial assets)		
Swastik Coaters Pvt Ltd	4.96	-
Job work expense		
Atlas Fasteners*	2.27	

* Including goods and service tax

(e) Balances with entities over which KMP's/directors and/or their relatives are able to exercise significant influence

Particulars	As at March 31, 2024	As at March 31, 2023
Other non current financial assets		
Forgen Power Parts Private Limited (Security deposits)	2.00	2.00
Other deposits & Advances (included in other current assets)		
Agen Metcast Pvt Ltd.	10.49	9.30
Trade receivables		
Atlas fasteners	1.42	1.42
Advance to suppliers (included in other current assets)		
Atlas fasteners	9.38	7.86
Security deposits (included in other non current financial assets)	4.96	
Swastik Coaters Pvt Ltd	4.96	4.96
Rouland Chemicals Pvt Ltd		
Trade payables		
Swastik Coaters Pvt Ltd	3.85	0.12
Rouland Chemicals Pvt Ltd	0.52	0.12

30 Earnings per share (EPS)

Basic earnings per share amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share amounts is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Earnings		
Profit after tax for the year attributable to equity shareholders	585.80	85.08
Add: Fair value adjustments towards compulsorily convertible debentures*	-	110.55
Profit for the year considered for calculation of diluted earnings per share	585.80	195.63
Shares		
Original number of equity shares (post share split) #	82,59,130	82,59,130
Add : Impact of bonus issue #	4,12,95,650	4,12,95,650
Add : Equity shares issued during the year	45,80,151	-
Add : Allotment of Equity shares pursuant to conversion of CCD's into Equity	49,78,062	-
No of shares at the end of the year	**5,91,12,993**	**4,95,54,780**
Weighted average number of equity shares		
For calculating Basic EPS	5,22,99,486	4,73,01,690
Effect of dilution:		
- On account of Compulsory Convertible Debentures	-	41,16,449
Weighted average number of equity shares for Diluted EPS	5,22,99,486	5,14,18,139
Earnings Per Share		
Face Value ₹ 2 per share		
Basic (₹)	11.20	1.80
Diluted* (₹)	11.20	1.80

Shareholders have approved the below at Extra-ordinary general meeting held on 12 September, 2023:

* Compulsorily convertible debentures are considered to be potential equity shares. They have not been included in the determination of diluted earnings per share during financial year ended March 31, 2023 as this was anti dilutive.

a. Share split of one equity share having face value of ₹ 10 each into 5 shares of ₹ 2 each and

b. Issue of fully paid bonus shares of ₹ 2 each in proportion of five equity shares for every one existing equity share.

Accordingly, as an adjusting event, the earnings per share has been adjusted for subdivision of shares and bonus shares for the current and previous years presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

31 Segment reporting

The Managing Director of the Company takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and OEM components, have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the consolidated financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

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a. Geographical segment information:

Revenue from customers	For the year ended March 31, 2024	For the year ended March 31, 2023
With in India	425.89	493.67
Outside India	2,981.82	2,023.08
Total	**3,407.71**	**2,516.75**

b. The company has total segment assets within India. Hence, separate figures have not been furnished

c. Revenue from major customers

During the year the Company has derived revenue from 3 customers (March 31, 2023: 3) totalling to ₹ 1,410.73 (March 31, 2023: ₹. 384.93) which amounts to 10% or more of its total revenue.

32 **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

The amount due to Micro and Small Enterprises as defined in the 'The 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. The disclosures relating to Micro, Small and Medium Enterprises are as under:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
The amounts remaining unpaid to micro and small supplies as at end of the year		
I) Principal amount remaining unpaid to supplier at the end of the year	208.62	25.34
Ii) Interest due thereon remaining unpaid to supplier at the end of the year	4.21	3.04
III) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	4.21	3.04

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33. Employee benefits

a) Defined contribution plan

Provident Fund: Contributions were made to provident fund and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation.

b) Defined benefit plan

Gratuity: The Company provides Gratuity for employees in India as per the Payment of Gratuity Act, 1972. All employees are entitled to gratuity benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation. This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. The present value of the defined benefit obligation and the relevant current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

c) Amounts recognised as expense:

i) Defined contribution plan

Provident fund

Contribution towards employee provident fund, which is a defined contribution plan for the year March 31, 2024 aggregated to ₹ 16.87 (March 31, 2023 : ₹ 14.01).

Employees' State Insurance & Labour welfare fund

Contribution towards Employees' State Insurance & Labonr welfare fund, which is a defined contribution plan for the year March 31, 2024 aggregated to ₹ 5.14 (March 31, 2023 : ₹ 4.82).

ii) Defined benefit plan

Contribution towards Gratuity for the year March 31, 2024 aggregated to ₹ 9.29 (March 31, 2023: ₹ 8.52)

d) Amounts recognised in the consolidated financial statements as at year end for Gratuity are as nnder:

	Particulars	As at March 31, 2024	As at March 31, 2023
i)	**Change in present value of obligation**		
	Present value of the obligation at the beginning of the year	28.10	24.54
	Current service cost	7.35	6.80
	Interest cost	1.93	1.72
	Actuarial (gain)/loss on obligation- due to change in financial assumptions	0.81	(3.93)
	Actuarial (gain)/loss on obligation- due to experience ddjustments	2.78	1.03
	Benefits paid	(1.51)	(2.06)
	Present value of the obligation at the end of the year	**39.46**	**28.10**
ii)	**Bifurcation of present value of benefit obligation**		
	Current- Amount due within one year	3.38	2.46
	Non-current- Amount due after one year	36.08	25.64
	Total	**39.46**	**28.10**
iii)	**Expected benefit payments in future years**		
	Year 1	3.38	2.46
	Year 2	2.82	1.85
	Year 3	3.20	2.16
	Year 4	2.77	2.45
	Year 5	3.30	2.07
	Year 6 to Year 10	15.88	11.77
iv)	**Sensitivity analysis**		
	Discount rate - 1 % increase	36.12	25.70
	- 1 % decrease	43.36	30.90
	Salary escalation rate - t % increase	43.23	30.88
	- 1 % decrease	36.19	25.69
v)	**Amounts Recognised in the Statement of Profit and Loss:**		
	Current service cost	7.35	6.80
	Net interest on net defined liability / (asset)	1.94	1.72
	Expenses recognised in Statement of Profit and Loss	**9.29**	**8.52**
vii)	**Recognised in other comprehensive income for the year**		
	Actuarial Gains / (tosses) on tiability	(3.58)	2.90
	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset) above		-
	Recognised in other comprehensive income	**(3.58)**	**2.90**
viii)	**Actuarial assumptions**		
	i) Discount rate	7.00%	7.20%
	ii) Salary escalation rate	3.50%	3.50%
	iii) Retirement age	58 years	58 years
	iv) Attrition rate	5%	5%
	v) Expected average remaining service	13.27	13.88
	vi) Weighted average duration of defined benefit plan	10.77	11.03
	vii) Mortality rate	IALM(2012-14) Ult.	IALM(2012-14) Ult.

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34 Financial instruments

A. Financial instruments by category	Method of valuation	Note	Fair value level	As at March 31, 2024	As at March 31, 2023
Financial assets					
Non current					
-Other financial assets	Amortized Cost	5	Level 2	246.92	33.72
Current					
(i) Trade receivables	Amortized Cost	8	Level 2	1,699.53	1,186.63
(ii) Cash and cash equivalents	Amortized Cost	9(a)	Level 2	281.86	194.06
(iii) Bank balances other than (ii) above	Amortized Cost	9(b)	Level 2	307.32	333.27
(iv) Other financial assets	Amortized Cost	5	Level 2	-	0.91
Total financial assets				**2,535.63**	**1,748.59**
Financial liabilities					
Non current					
(i) Borrowings	Amortized Cost	13	Level 2	271.13	2,208.61
(ia) Lease liabilities	Amortized Cost	3(b)	Level 2	20.05	
Current					
(i) Borrowings	Amortized Cost	16	Level 2	100.44	797.40
(ia) Lease liabilities	Amortized Cost	3(b)	Level 2	2.71	-
(ii) Trade payables	Amortized Cost	15	Level 2	499.54	495.01
(iv) Other financial liabilities	Amortized Cost	18	Level 2	118.63	123.36
Total financial liabilities				**1,012.50**	**3,624.38**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost.

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.
The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers among level 1, level 2 and level 3 during the year

B. Financial risk management

The Company activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, security deposits and bank deposits.	Ageing analysis. Credit score of customers/ entities.	Monitoring the credit limits of customers and obtaining security deposits.
Liquidity risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits.

The Company risk management is carried out by the senior management under policies approved by the board of directors. The board provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

Risk management framework
The board of directors have overall responsibility for the risk management framework. The board of directors are responsible for developing and monitoring the risk management policies. The board of directors monitors the compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A. Credit risk
i. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The Company also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The Company does not foresee any credit risks on deposits with regulatory authorities.

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ii. Trade receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from top customer	554.38	829.56
Revenue from top 5 customers (other than above customer)	1,536.28	758.65

One customer accounted for more than 16.35% of the revenue for the year ended March 31, 2024. One customer accounted for more than 33.01 % of the revenue for the year March 31, 2023.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for group of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Movement in the allowance for bad and doubtful debts is as follows:	As at March 31, 2024	As at March 31, 2023
Opening balance	15.00	10.25
Credit loss added	21.39	4.75
Closing balance	36.39	15.00

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities:

As at March 31, 2024

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings	271.13	-	271.13	-	271.13
Lease liabilities	22.76	2.96	13.41	18.17	34.54
Short-term borrowings	100.44	100.44	-	-	100.44
Trade payables	499.54	499.54	-	-	499.54
Other financial liabilities	118.63	118.63	-	-	118.63
Total	**1012.50**	**721.57**	**284.54**	**18.17**	**1,024.28**

As at March 31, 2023

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings	2,208.61	-	608.61	1,600.00	2,208.61
Short-term borrowings	797.40	797.40	-	-	797.40
Trade payables	495.01	495.01	-	-	495.01
Other financial liabilities	123.36	123.36	-	-	123.36
Total	**3,624.38**	**1,415.77**	**608.61**	**1,600.00**	**3,624.38**

The Company has secured loans from bank that contain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table.

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to interest rate risk

	As at March 31, 2024	As at March 31, 2023
Variable rate borrowings	307.33	1,328.87
Fixed rate borrowings	64.24	1,671.32

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at March 31, 2023	As at March 31, 2023
Sensitivity		
1% increase in variable rate	(3.07)	(13.29)
1% decrease in variable rate	3.07	13.29

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity to a reasonably possible change in the USD/EUR exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

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Particulars	Amount in USD	Equivalent amount in INR for USD	Amount in EURO	Equivalent amount in INR for EURO	Amount in Others	Equivalent amount in INR for JPY
March 31, 2024						
Trade receivable	3.72	323.47	12.64	1,051.79	-	-
Trade payable	0.34	28.22	0.10	8.75	0.01	1.12
Advance from Customers	0.66	54.74	0.09	8.51		
March 31, 2023						
Trade receivable	9.26	760.32	1.70	151.99	-	-
Trade payable	0.15	12.59	-	-	0.00	0.02
Borrowings	11.73	963.19	-	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material. The effect of a 5% strengthening or weakening of the respective currencies on the profit and loss account is demonstrated in the following table.

Particulars	Currency	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2024					
	USD	17.50	(17.50)	13.10	(13.10)
	EURO	52.58	(52.58)	39.34	(39.34)
	JPY	(0.06)	0.06	(0.04)	0.04
March 31, 2023					
	USD	(10.77)	10.77	(7.64)	7.64
	EURO	7.60	(7.60)	5.39	(5.39)
	JPY	(0.00)	0.00	(0.00)	0.00

35 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to equity shareholders.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Compulsory Convertible Debentures and current borrowing from banks and financial institutions. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at March 31, 2024	As at March 31, 2023
Total debt (refer note 13 and 14)	371.57	3,006.01
Less : cash and cash equivalents and bank balances	589.18	527.33
Adjusted net debt	(217.61)	2,478.68
Total equity	6,450.63	2,039.88
Gearing ratio	(0.03)	0.55

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year March 31, 2024 and March 31, 2023.

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

36 Income-taxes

Components of income tax and deferred tax expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Tax expense recognised in the Statement of Profit and Loss		
A. Current tax		
Current year	146.21	25.74
Tax pertaining to earlier years	-	2.42
Total (A)	**146.21**	**28.16**
B. Deferred tax		
Origination and reversal of temporary differences	75.85	18.70
Total (B)	**75.85**	**18.70**
Total (A+B)	**222.06**	**46.86**
C. Tax on other comprehensive income		
Deferred tax		
Origination and reversal of temporary differences - OCI	1.04	(0.84)
	1.04	**(0.84)**

Current tax (assets) / liabilities (net)

	As at March 31, 2024	As at March 31, 2023
D. Advance tax including TDS receivable and Self assessment tax paid	(146.24)	(126.55)
E. Provision for tax	174.16	151.48
	27.92	**24.93**

F. Reconciliation of tax expense and the accounting profit

	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before income taxes	807.86	131.94
Indian statutory income tax rate	29.12%	29.12%
Expected Income Tax Expense	235.00	38.00
Tax effect of expenditure disallowed under income tax	5.67	9.18
Effect on account of different tax rate for calculating capital Gain	(17.53)	-
Others	(1.08)	(0.32)
Total income tax expense	**222.06**	**46.86**

Movement during the period ended March 31, 2024	As at April 1, 2023	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in OCI	As at March 31, 2024
Deferred tax assets/(liabilities)				
On property, plant and equipment	203.25	44.31	-	247.56
On provision for employee benefits	(9.00)	(1.54)	(1.04)	(11.58)
Provision for doubtful receiables	(4.37)	(6.23)	-	(10.60)
Borrowings	(11.22)	11.77	-	0.55
Right of use assets (net of lease liability)	-	1.33	-	1.33
MAT Credit Entitlement	(25.74)	9.16	-	(16.58)
On unabsorbed depreciation and business losses	(16.71)	16.71	-	-
Provision for others	(0.34)	0.34	-	-
Total	**135.87**	**75.85**	**(1.04)**	**210.68**

Movement during the period ended March 31, 2023	As at April 1, 2022	(Credit)/charge in the Statement of Profit and Loss	(Credit)/charge in OCI	As at March 31, 2023
Deferred tax (assets)/liabilities				
On property, plant and equipment	129.22	74.03	-	203.25
On provision for employee benefits	(8.82)	(1.02)	0.84	(9.00)
Provision for doubtful receivables	(2.98)	(1.39)	-	(4.37)
Borrowings	(0.75)	(10.47)	-	(11.22)
MAT Credit Entitlement	-	(25.74)	-	(25.74)
On unabsorbed depreciation and business losses	-	(16.71)	-	(16.71)
Provision for others	(0.34)	-	-	(0.34)
Total	**116.33**	**18.70**	**0.84**	**135.87**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

37 Revenue from operations

Revenue from contract with customers

	For the year ended March 31, 2024	For the year ended March 31, 2023
Income from sale of products	2,686.82	1,478.89
Income from sale of services	594.40	937.26
Income from - scrap sales	105.89	96.90
Export incentives	20.60	3.70
	3,407.71	**2,516.75**

Disaggregated revenue information

Geographic revenue		
Revenue from contract with customers		
With in India	425.89	493.67
Outside India	2981.82	2023.08
	3,407.71	**2516.75**
Timing of revenue recognition		
Services transferred at a point of time	615.00	940.96
Goods transferred at a point of time	2,792.71	1,575.79
Total revenue from contracts with customers	**3,407.71**	**2,516.75**
Reconciliation of revenue recognised with the contracted price is as follows:		
Contract price	3,407.71	2,516.75
Less: Discounts and disallowances	-	-
Total revenue from contracts with customers	**3,407.71**	**2,516.75**
Movement in Contract assets during the year		
Trade receivables (refer note 8)	-	-
Opening balance	1,201.63	756.56
Revenue recognised that was included in the contract liability balance at the beginning of the year	3,387.11	2,513.05
Amount received during the year	2,852.82	2,067.98
Closing balance	1,735.92	1,201.63

Performance obligation:

Sale of products:

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sales of services:

The performance obligation in respect of job work services is satisfied at point of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of the job work and acceptance of the customer.

38 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

39 Subsequent events

The Company incorporated a fully owned subsidiary named Azad VTC Private Limited in March 2024. Subsequently, the Company invested ₹ 0.1 in the subsidiary Azad VTC Private Limited ("Azad VTC") entered into a asset purchase agreement with VTC Surface Technologies Private Limited, for the purchase of certain assets related to offering advanced wear, corrosion and heat resistant coatings. These coatings are a critical application on the components which operate in extremely severe conditions for power generation, aerospace & defence and oil & Gas.

The acquisition is expected to compliment and enhance the business of the Company, offering complete turnkey surface coating solutions for its OEM customers. This acquisition is also expected reduce its dependency on approved third party companies for surface coatings and eventually lead to more opportunities & margin expansion in the long-term.

40 Utilisation of funds raised through initial public offer (IPO)

Rs. 2,227.49 Mn have been received in the Escrow account (net off estimated offer expenses Rs 172.51 Mn) from proceeds of fresh issue of equity shares. Full amount of Rs. 2,227.49 Mn have been transferred to the company's account. Further, the fund raised from Offer for sale were remitted to the selling shareholders (net off estimated offer expenses borne / to be borne by the selling shareholders) The utilisation of the net proceeds is summarised as below:

Object of the issue as per prospectus	Amount to be utilised as per prospectus	Utilisation up March 31, 2024	Unutilised amount up to March 31, 2024
Towards funding of capital expenditure	603.95	20.78	583.17
Repayment/prepayment, in part or full, of certain of the borrowings availed by the Company*	1,381.88	1,357.10	24.78
General corporate purposes**	241.66	420.00	(178.34)
Total	**2,227.49**	**1,797.88**	**429.61**

*The balance of ₹ 24.78 will be utilised by the company for repayment of the balance debts.

**The Company has utilised Rs.₹ 420.00 towards General Corporate Purpose as against the amount of ₹ 241.66 as estimated and stated in the prospectus. The excess utilisation of ₹ 178.34 is from the proceeds estimated for the capital expenditure. However, these amounts are within the limits of 25% of gross proceeds of fresh issue as set out in the prospectus in the requirements of SEBI ICDR Regulations.

M S K A & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED

41 Statutory disclosures

(a) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(b) The Group does not have any transartions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(c) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(d) The Group have not traded or invested in Crypto currency or Virtual currency during the financial year.

(e)The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(f) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(g) The Group does not have any such transaction which is not recorded in the books of arrounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(h) The Group does not have any borrowings from banks and financial institutions that are used for any other purpose other than the specific purpose for which it was taken at the reporting balance sheet date.

(i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(j) The Group is not declared as a willul defaulter by any bank or financial institution or other lender during the any reporting period.

(k) There are no scheme of arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the reporting period.

(l) The Group has neither declared nor paid any dividend during the reporting period

(m) The title deeds of immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group except for building constructed on the lease hold land as disclosed in note 3(a) and 3(b) in the Consolidated financial statements.

(n) The Group has not revalued its property, plant and equipment during the Financial year 2023-24

42 Note on Social Security Code: The date on which the Code of Social Security, 2020 ('The Code') relating to employee benefits during employment and post-employment benefits will come into effect is yet to be notified and the related rules are yet to be finalised. The Company will evaluate the code and its rules, assess the impact, if any and account for the same once they become effective.

As per our report even date
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: May 21, 2024

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly Azad Engineering Private Limited)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Ronak Jajoo
Chief Financial Officer

Place: Hyderabad
Date: May 21, 2024

Jyoti Chopdar
Whole time Director

Ful Kumar Gautam
Company Secretary

Place: Hyderabad
Date: May 21, 2024

MSKA & Associates
Chartered Accountants

1101/B, Manjeera Trinity Corporate
JNTU-Hitech City Road, Kukatpally
Telangana State, Hyderabad 500072, INDIA

INDEPENDENT AUDITOR'S REPORT

To the Members of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, ,the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules,2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2023, of consolidated profit, other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Director's report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

i. The comparative financial information of the Company for the year ended March 31, 2022 prepared in accordance with the Ind AS, included in these consolidated financial statements, are based on the Special Purpose Consolidated Ind AS Financial Statements of the Company as at and for the year ended March 31, 2022, jointly audited by us and M/s. Laxminiwas & Co, and our report dated September 22, 2023, expressed an unmodified audit opinion on those Special Purpose Consolidated Ind AS Financial Statements.

   Statutory Consolidated Financial Statements for the year ended March 31, 2022, prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, are jointly audited by us and M/s. Laxminiwas & Co, and our report dated December 29, 2022 expressed an unmodified audit opinion on those financial statements.

ii. The comparative financial information of the Company as on transition date (opening Balance Sheet as at April 1, 2021) prepared in accordance with the Ind AS, included in these financial statements, are based on the Special Purpose Consolidated Ind AS Financial Statements of the Company as at and for the year ended March 31, 2021, audited by M/s. A.R Sulakhe & Co, and report dated September 22, 2023, expressed an unmodified audit opinion on those Special Purpose Consolidated Ind AS Financial Statements.

Statutory Consolidated Financial Statements for the year ended March 31, 2021, prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, are audited by M/s. Laxminiwas & Co, and their report dated November 27, 2021 expressed an modified audit opinion on those financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 29 to the consolidated financial statements.

ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

iv.

(1) The respective Managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company, and its subsidiary companies incorporated in India only w.e.f. April 1, 2023, reporting under this clause is not applicable.

2. The Holding Company has converted into Public Limited Company with effect from September 05, 2023. In our opinion, according to information and explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Holding Company or its subsidiary companies incorporated in India for the year ended March 31, 2023, as it was a Private Limited Companies.

3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of subsidiaries included in the consolidated financial statements of the Group to which reporting under CARO is applicable, we report that there are no Qualifications/adverse remarks except the following:

S No	Name	CIN	Holding Company /Subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)	U74210TG1983PLC004132	Holding Company	vii(a)

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership no.205226
UDIN: 23205226BGWEBZ1547

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Place: Hyderabad
Date: September 22, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED (FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MSKA & ASSOCIATES * Hyderabad * Chartered Accountants *

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No.205226
UDIN: 23205226BGWEBZ1547

Place: Hyderabad
Date: September 22, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED (FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of **Azad Engineering Limited (Formerly known as Azad Engineering Private Limited** on the consolidated Financial Statements for the year ended March 31, 2023]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls reference to consolidated financial statements of **Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**(hereinafter referred to as "the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to 2 subsidiaries, incorporated in India namely Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd pursuant to MCA notification GSR 583(E) dated 13 June 2017.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal financial controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No.205226
UDIN: 23205226BGWEBZ1547

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Place: Hyderabad
Date: September 22, 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Balance Sheet as at 31 March 2023
(All amounts are Rs. in millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
ASSETS				
Non-current assets				
Property, plant and equipment	3	2,166.54	1,444.01	1,210.77
Capital work-in-progress	4	379.86	236.56	-
Financial assets				
- Other financial assets	5	33.72	31.15	34.36
Other non-current assets	6	475.67	654.76	55.52
Total non-current assets		**3,055.79**	**2,366.48**	**1,300.65**
Current assets				
Inventories	7	860.63	573.75	342.88
Financial assets				
(i) Trade receivables	8	1,186.63	746.31	525.75
(ii) Cash and cash equivalents	9	194.06	44.25	17.74
(iii) Bank balances other than (ii) above	9	333.27	132.48	154.11
(iv) Other financial assets	5	0.91	-	12.34
Other current assets	10	260.79	179.94	206.98
Total current assets		**2,836.29**	**1,676.73**	**1,259.80**
Total assets		**5,892.08**	**4,043.21**	**2,560.45**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	16.52	15.13	15.13
Other equity	12	2,023.36	1,184.94	893.79
Total equity		**2,039.88**	**1,200.07**	**908.92**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	13	2,208.61	1,225.53	414.60
Provisions	16	25.64	22.52	14.08
Deferred tax liabilities (net)	17	135.87	116.33	97.65
Total non-current liabilities		**2,370.12**	**1,364.38**	**526.33**
Current liabilities				
Financial liabilities				
(i) Borrowings	14	797.40	746.27	462.53
(ii) Trade payables	15			
- Total outstanding dues of micro and small enterprises		25.34	32.50	26.22
- Total outstanding dues of creditors other than micro and small enterprises		450.01	392.95	346.83
(iii) Other financial liabilities	18	123.36	158.10	75.79
Provisions	16	22.40	10.81	6.51
Other current liabilities	19	38.64	53.95	168.25
Current tax liabilities (net)	20	24.93	84.18	39.07
Total current liabilities		**1,482.08**	**1,478.76**	**1,125.20**
Total liabilities		**3,852.20**	**2,843.14**	**1,651.53**
Total equity and liabilities		**5,892.08**	**4,043.21**	**2,560.45**

See accompanying notes forming part of the Consolidated Financial Statements.

As per our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September, 2023

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Jyoti Chopdar
Whole time director
DIN : 03132157

Ronak Jajoo
Chief Financial Officer

Place: Hyderabad
Date: 22 September, 2023

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September, 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Statement of Profit and Loss for the year ended 31 March 2023
(All amounts are Rs. in millions, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	21	2,516.75	1,944.67
Other income	22	98.46	47.96
Total income		**2,615.21**	**1,992.63**
Expenses			
Cost of Materials Consumed	23	495.22	376.10
Changes in inventories of finished goods, work-in-progress	23	(193.71)	(168.48)
Employee benefits expense	24	592.69	462.71
Finance costs	25	523.82	136.16
Depreciation expense	26	165.83	133.14
Other expenses	27	899.77	651.66
Total expenses		**2,483.62**	**1,591.29**
Profit before tax for the year		**131.59**	**401.34**
Tax expenses			
Current tax	37	25.74	86.68
Tax pertaining to earlier years		2.42	-
Deferred tax	37	18.70	20.09
Total tax expense		**46.86**	**106.77**
Profit after tax for the year		**84.73**	**294.57**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Re-measurement gains/ (losses) on defined benefit plans		2.90	(4.83)
Income Tax relating to these items		(0.84)	1.41
Total other comprehensive income/(loss) for the year		**2.06**	**(3.42)**
Total comprehensive income for the year		**86.79**	**291.15**
Earnings per share (Face value of share Rs.2 each)	31		
- Basic		1.79	6.49
- Diluted		1.79	6.49

See accompanying notes forming part of the Consolidated Financial Statements.

As per our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
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Membership No: 205226

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Date: 22 September, 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Statement of Changes in Equity for the year ended 31 March 2023
(All amounts are Rs. in millions, unless otherwise stated)

A. Equity share capital

	Note	No. of Shares	Amount
As at 01 April 2021		**15,13,200**	15.13
Changes in equity shares	11	-	-
As at 31 March 2022		**15,13,200**	**15.13**
Changes in equity shares	11	1,38,626	1.39
As at 31 March 2023		**16,51,826**	**16.52**

B. Other equity

Particulars	Reserves and surplus			Other comprehensive income	Total
	Securities premium	Retained earnings	Capital Redemption Reserve	Remeasurement of defined benefit obligations	
Balance as at 01 April 2021	**2.97**	**891.22**	-	**(0.40)**	**893.79**
Profit for the year	-	294.57	-	-	294.57
Other comprehensive income	-	-	-	(3.42)	(3.42)
Less: Transfer to Capital Redemption Reserve	-	(39.00)	-		(39.0)
Add: Transfer from Retained Earnings	-	-	39.00	-	39.00
Balance as at 31 March 2022	**2.97**	**1,146.79**	**39.00**	**(3.82)**	**1,184.94**
Profit for the year	-	84.73	-	-	84.73
Other comprehensive income	-	-	-	2.06	2.06
Add: Security premium from issue of equity shares	751.63	-	-	-	751.63
Balance as at 31 March 2023	**754.60**	**1,231.52**	**39.00**	**(1.76)**	**2,023.36**

See accompanying notes forming part of the Consolidated Financial Statements.

As per our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September, 2023

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)

Rakesh Chopdar
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Place: Hyderabad
Date: 22 September, 2023

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DIN 03132157

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September, 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Consolidated Statement of Cash Flows for the year ended 31 March 2023
(All amounts are Rs. in millions, unless otherwise stated)

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from operating activities			
Profit before tax		131.59	401.34
Adjustments for :			
Depreciation expense		165.83	133.14
Finance costs		523.82	136.16
Loss on discard / sale of fixed assets		31.79	-
Unrealized foreign exchange (gain)/loss		(27.15)	15.04
Liabilities no longer required written back		-	(24.44)
Allowance for bad and doubtful debts		4.75	2.37
Interest income		(26.73)	(7.75)
Operating profit before working capital changes		**803.90**	**655.86**
Changes in working capital			
(Increase) /Decrease in trade receivables		(417.92)	(237.97)
(Increase)/Decrease in inventories		(308.27)	(230.87)
(Increase) / Decrease in other financial assets		(17.08)	(14.46)
(Increase)/Decrease in Other Current assets		(80.85)	27.04
Increase / (Decrease) in trade payables		49.90	76.84
Increase / (Decrease) in other financial liabilities		(34.74)	82.31
Increase / (Decrease) in provision		14.67	12.72
Increase/ (Decrease) in other liabilities		(15.31)	(114.30)
Cash generated from operations		**(5.70)**	**257.17**
Income taxes paid (net of refund)		(96.39)	(47.78)
Net cash flow/(Used) from/in operating activities	**A**	**(102.09)**	**209.39**
B. Cash flows from investing activities			
Purchase of Property, Plant and Equipment including capital credit adjustment		(856.22)	(1,171.47)
Proceeds from sale of Property, Plant and Equipment		18.77	-
Sale of Investments		-	0.10
Deposits placed having original maturity of more than 3 months, net		(200.79)	21.63
Interest received		26.73	7.75
Net cash flow/(Used) from/in investing activities	**B**	**(1,011.51)**	**(1,141.99)**
C. Cash flow from financing activities			
Proceeds from issue/(redemption) of equity shares/preference shares		573.46	-
Proceeds from long term borrowings		177.45	447.29
Proceeds from issuance of optionally and compulsorily convertible debentures		1,600.00	600.00
Proceeds of long term borrowings		(614.81)	(236.36)
Proceeds from/(repayment) of short term borrowings (net)		51.13	283.74
Interest paid		(523.82)	(135.56)
Net cash flow/(Used) from/in financing activities	**C**	**1,263.41**	**959.11**
Net increase/(decrease) in cash and cash equivalents	**[A+B+C]**	149.81	26.51
Cash and cash equivalents at the beginning of the year		44.25	17.74
Cash and cash equivalents at end of the year		**194.06**	**44.25**
Cash and cash equivalents comprise (refer note 9)			
Balances with banks			
- in current accounts		106.38	35.74
- in EEFC Accounts		0.01	-
Deposits with maturity of less than 3 months		72.26	-
Cash on hand		15.41	8.51
Total cash and cash equivalents at end of the year		**194.06**	**44.25**

See accompanying notes forming part of the Consolidated Financial Statements.

Note (i) The above consolidated statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 - "Statement of Cash Flows" notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules 2015 (as amended) and the relevant provisions of the Act.

As per our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September, 2023

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Jyoti Chopdar
Whole time director
DIN : 03132157

Ronak Jajoo
Chief Financial Officer

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September, 2023

Place: Hyderabad
Date: 22 September, 2023

1 Corporate Information

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) ('the Company' / 'Parent Company'/ 'Holding Company'/ 'Azad') together with its subsidiaries (collectively, "the Group") is one of the only Indian manufacturers of highly engineered, complex, mission and life critical high precision components. Our products include 3D rotating airfoil portions of turbine engines and other critical products for combustion, hydraulics, flight-controls, propulsion and actuation which power defence and civil aircrafts, spaceships, defence missiles, nuclear power, hydrogen, gas power, oil and thermal power.

The Parent Company incorporated under the provisions of the Companies Act, 1956 and its subsidiaries have been incorporated under the provisions of the Companies Act, 1956. The Parent Company has been incorporated on September 14, 1983, under the provisions of the Companies Act, 1956, then applicable in India and is having its registered office at 90/C,90/D, Phase I I.D.A, Jeedimetla, Hyderabad, Telangana - 500055.

The Company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 14 July 2023 and consequently the name of the Company has changed to "Azad Engineering Limited" pursuant to a fresh certificate of incorporation by the Registrar of Companies on 05 September 2023

2 Significant Accounting Policies

These notes provides a list of the significant accounting policies adopted in the preparation of this these Consolidated Financial Statements These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and measurement

(i) Statement of compliance & Basis for preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the 'Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The consolidated financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The consolidated financial statements up to and for the year ended March 31, 2023 were prepared in accordance with accounting standards referred to in paragraph 7 the Companies (Accounts) Rules, 2014 (Previous GAAP) notified under section 133 of the Act and other relevant provisions of the Act. These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 43.

The consolidated financial statements were approved by board of directors and authorised for issue on 22 September 2023

(ii) Functional and presentation currency

These Consolidated Financial statements are presented in Indian Rupees Rs., which is also the Company's functional currency. The Consolidated Financial Statements presented in Indian rupees have been rounded-off to two decimal places to the nearest Millions except share data or as otherwise stated.

(iii) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities	: Measured at fair value
- Borrowings	: Amortised cost using effective interest rate method
- Net defined benefit (asset)/ liability	: Present value of defined benefit obligations less fair value of plan assets

(iv) Use of estimates and judgements

The preparation of the Consolidated financial Statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affects the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in the estimates are made as and when management becomes aware of changes in circumstances surrounding the estimates. Changes in the estimates are reflected in the Consolidated Financial Statements in the period in which the changes are made and, if material, such effects are disclosed in the notes to Consolidated Financial Statements.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

-Note 3 and 4- determining an asset's expected useful life and the expected residual value at the end of its life.
-Note 8- Impairment of non financial assets and financial assets;
-Note 29- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
-Note 34- measurement of defined benefit obligations: key actuarial assumptions;
-Note 37- recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

MSKA & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:
- Note 35 - Financial instruments

(vi) Principles of consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.
(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual arrangements;
(iii) The Group's voting rights and potential voting rights;
(iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated financial statements to ensure conformity with the Group's accounting policies.

The Consolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on 31 March 2023, 31 March 2022 and as at 01 April 2021

b. Consolidation procedures:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Consolidated Financial Statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows rotating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment and intangible assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profit and losses resulting from intragroup transactions.

c. Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.
(ii) Derecognises the carrying amount of any non-controlling interests.
(iii) Derecognises the cumulative translation differences recorded in equity.
(iv) Recognises the fair value of the consideration received.
(v) Recognises the fair value of any investment retained.
(vi) Recognises any surplus or deficit in profit or loss.
(vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

d. Subsidiaries considered in the Consolidated Financial Statements:

S. No.	Name of the entity	Relationship	Country of incorporation	Ownership interest in %		
				31 March 2023	31 March 2022	31 March 2021
1	Rouland Chemicals Pvt Ltd	Subsidiary	India	100%	100%	100%
2	Swastik Coaters Pvt Ltd	Subsidiary	India	100%	100%	100%
3	Agen Metcast Private Limited*	Subsidiary	India	-	-	-
4	Azad Engineering Pte Ltd #	Subsidiary	Singapore	100%	100%	100%

*Agen Metcast Private Limited - Ceased to be a subsidiary with effect from 18 June 2021
During the month of 14 October 2020, the Company has subscribed for investment in Azad Engineering Pte Limited – 10,000 equity share of SGD 1 each, as 100% subsidiary of the Company, domiciled in Singapore. The shares are allotted by the subsidiary for which amount is yet to be paid by the Company. There are no operations started as by the subsidiary at March 31, 2023. The Company made an application for strike off, this application has been accepted by ACRA vide its letter dated 13 September 2023

(vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when it is:
- it is expected to be realised in, or is intended for sale or consumption in, the Group normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current

Liabilities

A liability is classified as a current when:
- it is expected to be realised in, or is intended for sale or consumption in, the Group normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Group does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Group has ascertained its operating cycle as 12 months.

2.2 Summary of significant accounting policies

A. Revenue recognition

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

***i)* Sale of products:**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations. No significant element of financing is deemed present for the sales made with a credit term, which is consistent with market practice. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115.

***ii)* Sale of services:**

The Group renders job work services that are provided separately. The Group recognizes revenue from sale of services at a point in time, when products are sent to the customer after completion.

***iii)* Export benefits:**

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

***iv)* Interest income:**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss

***v)* Contract Balances:**

Contract Liability:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Trade Receivable:

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (D) Financial instruments – initial recognition and subsequent measurement.

B. Borrowing cost

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

C Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

M.K. & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Financial assets

i) Initial Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased if the payment is over due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the group does not reduce impairment allowance from the gross carrying amount.

iv) ***Derecognition of financial assets***

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities:

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Written - off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

E Property, plant and equipment

i) Recognition and measurement

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

ii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment. Freehold land is measured at cost and not depreciated. All other items of property plant and equipment are stated at cost less accumulated depreciation and impairment loss if any.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group

Useful life table

Category of asset	Useful lives estimated by the management	Useful lives as per Schedule II of Companies Act, 2013
Computer & Data processing units	3	3
Electrical Fittings	10	10
Furniture & fixtures	10	10
Servers & Networks	6	6
Plant & Machinery	15	15
Factory Buildings	30	30
Office equipment	5	5
Motor Vehicles	8	8

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss. Depreciation method, useful lives and residual values are reviewed at each period end and adjusted if appropriate.

iii) Expenditure during construction period:

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date. Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

F Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials:
Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on weighted average basis.

Raw Materials are valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. These items are considered to be realizable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

b) Finished Goods and Work in progress:
Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.
Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

c) Provision for inventory
Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

d) Tools
Tools used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools, subject to a maximum of 5 years.

G Impairment of non-financial assets

The Group non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

H Employee benefits

(a) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations
Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date

(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.
The Group is liable for any shortfall in the fund assets based on the Government specified rate of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year of incurring the same. Having regard to the assets of the fund and the return on the investments, the Group does not expect any deficiency as at the year end.

(ii) Defined benefit plans
For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income (OCI) in the period in which they occur. Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

***(iii)* Compensated Absences:**

The Compensated absences policy provides employees to convert their unused accrued leave days into monetary compensation. It covers eligibility, types of leave eligible for encashment (earned/annual leave, privilege leave, and other applicable leave), and the maximum encashment limit.

The approval process ensures compliance with the policy, and the payout is calculated based on the employee's basic salary.

It also addresses taxation and deductions, stating that applicable tax laws will be followed, and the Group will deduct appropriate taxes at source. The policy reserves the right for the Group to amend or revise any part of it at its discretion, and any queries or clarifications regarding the policy's implementation can be addressed to the HR department. Employees acknowledge their agreement to adhere to the provisions of the policy by availing of compensated absences.

I Leases

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether
(i) the contract involves the use of identified asset;
(ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and;
(iii) the Group has the right to direct the use of the asset.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of 12 months or lower and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term. The related cash flows are classified as Operating activities in the Statement of Cash Flows.

J Income-tax

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which gives future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognized as a deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with it will be realised.

K Provision, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in Consolidated Financial Statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

L Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

M Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

N Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

O Foreign currency transactions and balances

In preparing the Consolidated Financial Statements of the Group, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

P Financial liabilities and equity instruments:

Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognised at the proceeds received.

Q Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated Financial Statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

R Recent accounting pronouncements:

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from 01 April 2023:
Below is a summary of such amendments:

(i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements
The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.
The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors
The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The amendments are not expected to have a material impact on the Group's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes
The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
• right-of-use assets and lease liabilities, and
• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group is currently assessing the impact of the amendments.

iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

3 Property, plant and equipment

Description	Land	Factory Buildings	Plant & Machinery	Electrical Fittings	Furniture and Fixtures	Computer & Data processing Units	Servers & Networks	Office Equipment	Vehicles	Total
Gross Carrying amount										
Balance as at 01 April 2021 (Deemed cost)	**82.59**	**94.46**	**990.33**	**35.37**	**14.44**	**14.08**	**7.96**	**13.85**	**46.42**	**1,299.50**
Additions	198.38	5.93	309.41	4.23	4.53	8.68	14.45	7.55	12.06	565.22
Adjustments	(198.38)	-	-	-	-	-	-	-	-	(198.38)
Disposals	-	(0.46)	-	-	-	-	-	-	-	**(0.46)**
Balance as at 31 March 2022	**82.59**	**99.93**	**1,299.74**	**39.60**	**18.97**	**22.76**	**22.41**	**21.40**	**58.48**	**1,665.88**
Additions	-	20.57	839.56	10.87	3.16	6.56	8.05	15.38	15.70	919.85
Disposals	-	(2.17)	(28.65)	(0.32)	(0.35)	-	-	-	-	(31.49)
Balance as at 31 March 2023	**82.59**	**118.33**	**2,110.65**	**50.15**	**21.78**	**29.32**	**30.46**	**36.78**	**74.18**	**2,554.24**
Accumulated depreciation										
Balance as at 01 April 2021	**-**	**3.12**	**68.88**	**3.46**	**1.80**	**2.33**	**1.38**	**2.25**	**5.51**	**88.73**
Depreciation for the year	-	4.23	88.43	11.29	2.18	9.45	3.91	3.80	9.85	133.14
Disposals/adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	**-**	**7.35**	**157.31**	**14.75**	**3.98**	**11.78**	**5.29**	**6.05**	**15.36**	**221.87**
Depreciation for the year	-	3.91	133.97	4.49	2.57	5.00	4.19	5.95	8.11	168.19
Disposals/adjustments	-	(0.13)	(2.10)	(0.06)	(0.07)	-	-	-	-	(2.36)
Balance as at 31 March 2023	**-**	**11.13**	**289.18**	**19.18**	**6.48**	**16.78**	**9.48**	**12.00**	**23.47**	**387.70**
Net carrying amount as at 01 April 2021	**82.59**	**91.34**	**921.45**	**31.91**	**12.64**	**11.75**	**6.58**	**11.60**	**40.91**	**1,210.77**
Net carrying amount as at 31 March 2022	**82.59**	**92.58**	**1,142.43**	**24.85**	**14.99**	**10.98**	**17.12**	**15.35**	**43.12**	**1,444.01**
Net carrying amount as at 31 March 2023	**82.59**	**107.20**	**1,821.47**	**30.97**	**15.30**	**12.54**	**20.98**	**24.78**	**50.71**	**2,166.54**

3.01 Property, plant and equipment pledged as security

Refer to Note 13 & 14 for information on property, plant and equipment pledged as security by the group.

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4 Capital Work In Progress

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Capital Works in Progress	379.86	236.56	-

Ageing - Capital Work In Progress

Project in progress	Amount in Capital Work In Progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021	-	-	-	-	-
As at 31 March 2022	236.56	-	-	-	236.56
As at 31 March 2023	143.30	236.56	-	-	379.86

There are no projects as Capital Work in Progress as at 31 March 2023, 31 March 2022 and 01 April 2021 whose completion is overdue or cost of which has exceeds in comparison to its original plan.

Capitalised borrowing costs

Capital work in progress as at 31 March 2023 comprises expenditure for the new manufacturing unit under construction at Tuniki Bolaram. The construction work started in August 2021 and expected to be complete by March 2024. During the financial year 2022-23 the Company has purchased another land which is located at Mamgampet (Patancheruvu) and plans to set up one more unit. The work on the Mamgampet plant is yet to commence.

The amount of borrowing costs capitalised during the year ended 31 March 2023 :Rs 61.48 Mn (31 March 2022: Rs 38.18 Mn and 01 April 2021: Nil). All borrowing costs are capitalised using rates based on borrowings with the interest rate ranging between 11.00% to 18.50% per annum.

5 Other financial assets

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Non-current (at amortised cost)			
(Unsecured considered good)			
Deposits			
a. Security deposits	12.42	9.72	2.00
b. Deposit accounts with maturity for more than 12 months[refer note (a) below]	21.30	21.43	32.36
	33.72	**31.15**	**34.36**

Note (a): out of the fixed deposits amounts Rs 7.22 Mn as at 30 June 2023, Rs 20.17 Mn as at 31 March 2023, Rs 14.54 Mn as at 31 March 2022 and Rs 32.36 Mn as at 01 April 2021 held as lien by banks towards the various fund facilities sanctioned.

Current			
Interest accrued on fixed deposits	0.91	-	12.34
	0.91	**-**	**12.34**

6 Other non-current assets

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
(Unsecured, Considered good)			
a. Capital advances	379.90	572.59	3.36
b. Prepaid expenses	65.48	66.56	38.35
c. Electricity deposits	30.29	15.61	13.81
	475.67	**654.76**	**55.52**

7 Inventories

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Raw material	252.33	204.09	163.00
Work in progress	399.93	280.10	103.52
Finished goods*	65.03	20.30	25.62
Scrap inventory	31.83	-	-
Consumable stores, spares & fixtures	111.51	69.26	50.74
	860.63	**573.75**	**342.88**

* Valued at lower of cost and net realisable value

8 Trade receivables

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Trade receivables			
Unsecured,			
-Considered good (refer note below)	1,186.63	746.31	525.75
-Credit Impaired	15.00	10.25	7.89
	1,201.63	**756.56**	**533.64**
Allowance for bad and doubtful debts			
Less: Receivables credit impaired	(15.00)	(10.25)	(7.89)
	1,186.63	**746.31**	**525.75**

i No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Neither any trade nor other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

ii Trade receivables are non-interest bearing and generally on terms of 120 to 180 days

iii Trade receivables include debts from related parties refer note no 30

Allowance for bad and doubtful debts	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Opening balance	10.25	7.89	-
Credit loss added	4.75	2.36	7.89
Written off during the year	-	-	-
Reversal during the period	-	-	-
Closing balance	**15.00**	**10.25**	**7.89**

a. Trade receivables ageing schedule:

As at 31 March 2023

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	826.81	235.96	75.77	33.64	3.21	11.24	1,186.63
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	9.84	3.16	1.40	0.13	0.47	15.00
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**826.81**	**245.80**	**78.93**	**35.04**	**3.34**	**11.71**	**1,201.63**

As at 31 March 2022

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	299.95	356.10	66.91	5.44	17.08	0.83	746.31
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	8.18	1.54	0.12	0.39	0.02	10.25
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**299.95**	**364.28**	**68.45**	**5.56**	**17.47**	**0.85**	**756.56**

As at 01 April 2021

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	241.50	214.97	30.61	36.81	1.01	0.85	525.75
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	5.97	0.85	1.02	0.03	0.02	7.89
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**241.50**	**220.94**	**31.46**	**37.83**	**1.04**	**0.87**	**533.64**

9 Cash and bank balances

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
(a) Cash and cash equivalents			
Balances with banks			
- in current accounts	106.38	35.74	12.98
- in EEFC accounts	0.01	-	-
Deposits with maturity of less than 3 months[refer note (a) below]	72.26	-	-
Cash on hand	15.41	8.51	4.76
	194.06	**44.25**	**17.74**
(b) Other bank balances :			
- Earmarked balance with bank for redemption of unclaimed Preference shares	-	-	-
- deposits with remaining maturity less than 12 months[refer note (a)]	333.27	132.48	154.11
	333.27	**132.48**	**154.11**
	527.33	**176.73**	**171.85**

Note (a): out of the fixed deposits amounts Rs 127.27 Mn as at 31 March 2023, Rs 62.75 Mn as at 31 March 2022 and Rs 154.11Mn as at 01 April 2021 held as lien by banks towards the various fund facilities sanctioned.

10 Other current assets

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Unsecured, considered good			
Advance to suppliers	111.36	74.99	95.29
Advances to employees	17.35	16.39	-
Balance with government authorities	104.02	54.06	84.50
Other deposits & advances	10.63	25.00	9.08
Prepaid expenses	17.43	9.50	18.11
	260.79	**179.94**	**206.98**

11 Equity Share capital

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Authorized share capital			
15,000,000 (31 March 2022 :10,000,000, 01 April 2021: 10,000,000) Equity shares of Rs.10 each	150.00	100.00	100.00
Issued, subscribed and paid up			
1,651,826 (31 March 2022 :1,513,200, 01 April 2021: 1,513,200) Equity shares of Rs.10 each	16.52	15.13	15.13
	16.52	**15.13**	**15.13**

i) Reconciliation of authorised share capital

Particulars	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	No. of shares	Amount in Rs. Mn	No. of shares	Amount in Rs. Mn	No. of shares	Amount in Rs. Mn
Outstanding at the beginning of the year	1,00,00,000	100.00	1,00,00,000	100.00	1,00,00,000	100.00
Changes during the year	50,00,000	50.00	-	-	-	-
Outstanding at the end of the year	1,50,00,000	150.00	1,00,00,000	100.00	1,00,00,000	100.00

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	No. of shares	Amount in Rs. Mn	No. of shares	Amount in Rs. Mn	No. of shares	Amount in Rs. Mn
Outstanding at the beginning of the year	15,13,200	15.13	15,13,200	15.13	15,13,200	15.13
Add:						
i. issued during the year	95,138	0.95	-	-	-	-
ii. Shares issued on conversion of Compulsory convertible debentures(CCDs) (refer 'note (a)' below)	43,488	0.44	-	-	-	-
Outstanding at the end of the year	16,51,826	16.52	15,13,200	15.13	15,13,200	15.13

Note (a) Aggregate number of shares issued for a consideration other than cash:
During the year ended 31 March 2023, the Board of Directors and the Shareholders of the Holding Company have passed a resolution to convert CCDs of DMI Finance Private Limited of the Holding Company into equity shares. Accordingly, such CCDs were converted into 43,488 equity shares at Rs. 4,129.07 per equity share (including Rs.4,119.07 per share as securities premium) in accordance with the terms of the agreements with the CCD holders.

Note (b) the Board of Directors at their meeting held on 11 September, 2023 and shareholders of the Company at their meeting held on 12 September 2023 have approved stock split of 1 equity share having face value of Rs 10 to 5 equity shares having face value of Rs 2 each. Further the board of directors and shareholders of the Company vide the said meetings have also approved capitalization of the Rs.82.59 Mn reserves of the Company for issuance of 5 bonus shares for every one fully paid-up equity share(post split), having face value of Rs.2 per share.

iii) Rights, preferences and restrictions attached to equity shares of Rs. 10 each, fully paid up:

The Company had only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv) Shares held by shareholders holding more than 5% in the Company as at:

Name of Shareholder	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Rakesh Chopdar	14,64,435	88.66%	15,06,800	99.58%	15,06,800	99.58%

As per the records of the Company including its register of shareholders and other declarations received from shareholders regarding beneficial interest the above shareholding represents both legal and beneficial interest.

v) Shareholding of promoters

Name of promoter	As at 31 March 2023			As at 31 March 2022		
	No. of Shares	% Holding	% Change during the year	No. of Shares	% Holding	% Change during the year
Rakesh Chopdar*	14,64,435	88.66%	-10.92%	15,06,800	99.58%	0.00%

Name of promoter	As at 01 April 2021		
	No. of Shares	% Holding	% Change during the year
Rakesh Chopdar*	15,06,800	99.58%	0%

*As per board meeting dated 11 September 2023, Mr. Rakesh Chopdar is identified as the only promoter.

vi) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

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12 Other equity

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Securities premium (refer note i)	754.60	2.97	2.97
Retained earnings (refer note ii)	1,231.52	1,146.79	891.22
Capital Redemption Reserve (refer note iii)	39.00	39.00	-
Other comprehensive income (refer note iv)	(1.76)	(3.82)	(0.40)
Total other equity	**2,023.36**	**1,184.94**	**893.79**

*i) Securities premium**

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Balance at the beginning of the year	2.97	2.97	2.97
Add: Security premium from issue of equity shares	751.63	-	-
Balance at the end of the year	**754.60**	**2.97**	**2.97**

* Securities premium is used to record the premium on issue of shares to be utilized in accordance with the Act.

ii) Retained earnings

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Balance at the beginning of the year	1,146.79	891.22	774.78
Add: Adjustments on account of transition to Ind AS	-	-	1.44
Add: Profit for the year	84.73	294.57	115.00
Less: Transfer to Capital Redemption Reserve	-	(39.00)	-
Balance at the end of the year	**1,231.52**	**1,146.79**	**891.22**

*iii) Capital Redemption Reserve^*

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Balance at the beginning of the year	39.00	-	-
Add: Transfer from retained earnings	-	39.00	-
Balance at the end of the year	**39.00**	**39.00**	**-**

^It represents an amount equal to the nominal value of the preference shares redeemed, transferred from retained earnings at the time of redemption of preference shares to the capital redemption reserve. The reserve will be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

iv) Other comprehensive income (OCI)

Other items of OCI	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Remeasurement of defined benefit obligations (liability net of tax)#			
Balance at the beginning of the year	(3.82)	(0.40)	-
Add: Changes during the year	2.90	(4.83)	(0.57)
Tax effect on Other comprehensive Income	(0.84)	1.41	0.17
Balance at the end of the year	**(1.76)**	**(3.82)**	**(0.40)**

#Actuarial valuation reserve comprises the cumulative net gains / losses on actuarial valuation of post-employment obligations.

13 Long Term Borrowings (at amortised cost)

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Secured			
Nil (31 March 2022 : Nil, 01 April 2021: 390,000) 8% Non-Cumulative Redeemable Preference Shares of Rs. 100 each #	-	-	39.00
Optionally Convertible Debentures (refer note (iv))	-	424.72	-
Compulsorily Convertible Debentures(refer note (iii) & (iv))	1,648.07	183.91	-
Term loans			
- from Bank (refer note (i))	661.37	652.46	451.35
- from others (refer note (ii))	114.32	148.81	53.76
Vehicle loans	23.25	15.21	16.70
Unsecured			
Loan from Related parties (refer note (v))	5.82	8.66	17.92
Less : Current maturities of long term borrowings	(244.22)	(208.24)	(164.13)
Total	**2,208.61**	**1,225.53**	**414.60**

 # Rights, preferences and restrictions attached to Preference shares of Rs. 10 each, fully paid up:
The Company has issue 3,90,000 at the face value of Rs. 100 each amounting to Rs. 39 Millions. The preference shares are 8% Non- Cumulative, Non- Convertible and Non-Participative. These were issued between FY 2013-14 and FY 2014-15.

i) Terms of Long Term Loan from Consortium Banks (UBI, IndusInd, ICICI)
The company has taken the Term loan under consortium arrangement which is lead by UBI and has IndusInd and ICICI Bank as other members. Company has converted the Rupee Term loan into FCTL (Foreign Currency Term Loan).

The Primary Security for the loans are;

1) First Pari-passu charge by way of Hypothecation on entire current assets of the company (Present & Future) and
2) First Pari-passu charge by way of Hypothecation on entire fixed assets of the company (Present & Future)

The collateral Security for the loan are;

1) First Pari-passu charge on the, Industrial land admeasuring 5178.80 square yards along with building at plot no. 90/C, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of Swastik Coaters Pvt Ltd
2) First Pari-passu charge on the, Industrial land admeasuring 5392 square yards along with building at plot no. 90/D, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of M/s Rouland Chemicals Pvt Ltd.
3) First Pari-passu charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Private Limited
The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar.

The loan is secured by Corporate guarantee of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd

ii) Terms of Long Term Loan from Tata Capital Financial Services limited
The company has taken the Equipment Finance Loan and it is outside the consortium arrangement and the same is used for buying of specific Plant & Machinery and these are secured by exclusive charge by way of Hypothecation of machinery purchased / to be purchased out of fund.

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar

iii) Terms of Compulsory convertible debentures -Piramal Trusteeship Private Limited (Piramal)
The company has raised the CCD (Compulsory Convertible Debenture) from Piramal Structured Credit Opportunities Fund. The investment amount is INR 1,600 Million and company has issued 1,600 fully paid –up Compulsory Convertible Debenture

The CCD carries the coupon of 10% per annum payable monthly, which shall increase to 14% post expiry of 36 months, and then increase by 2% at the beginning of each calendar quarter up to 20% till conversion of the CCDs.

The instrument has life of 7 years with Put & Call option and minimum assured IRR is 18% or MOIC of 1.35x. There is upside sharing with the company if Piramal make IRR greater than 22%. The CCD will be converted into equity base on pre agreed EV/EBITDA of 18 times – FY 23 net of debt.

The CCD's are secured by

1) 51% share pledge of all the present and future shares outstanding of the Issuer, (on a fully diluted basis, present and future and in dematerialised form) shall be required.
2) Non-Disposable Undertaking ("NDU") and Non-encumbrance over the balance shares present and future on a fully diluted basis and POA
3) First charge on all machinery purchased from the proceeds of the Instrument (to the tune of INR 400 Mn) and
4) Second Charge on security given to Consortium Bank

And these are secured by Personal Guarantee of Mr. Rakesh Chopdar.

iv) Terms of Compulsory convertible debentures/Optionally convertible debentures-DMI Finance Private Limited
DMI finance has subscribed to INR 180 million of CCDs and INR 420 million of OCDs issued in Jul'21/Aug'21 having a coupon rat e o f 10% (to be increased by 2% every quarter after 36 months subject to a maximum of 20%) and 14% p.a., respectively, for a tenure of 7 years (OCD redemption has a p principal moratorium of 36 months.

Azad is to provide IRR of 22% and 18% on CCDs and OCDs, respectively, on conversion to equity shares . Alternatively , redemption premium on OCDs range from IRR of 14% to 18% based on EBITDA during the tenure of OCDs. There are prepayment premiums of 25% and 18% on early redemption of OCDs before and after 2 years from issue, respectively.

Azad also has a put option on the CCDs exercisable in specified tranches over the 3rd to 5th year at an IRR of 18% or market value (whichever is higher)

51% of promoter shares is pledged along with non-disposable rights on remaining shares in favour of DMI. There is hard collateral to the tune of 1x

v) Unsecured loan from related parties are interest free and are repayable on demand.

14 Short-term borrowings

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Secured			
Working Capital Loans (refer below note)	553.18	538.03	298.40
Current maturities of long term borrowings (refer note : 13)	244.22	208.24	164.13
	797.40	**746.27**	**462.53**

Details of terms and security in respect of the short-term borrowings:

The company has taken the Working Capital Loan under consortium arrangement which is lead by UBI and has IndusInd and ICICI Bank as other members. The company has taken PCFC (Packing Credit Foreign Currency) for funding of working capital requirement

The Primary Security for the loans are,
1) First Pari-passu charge by way of Hypothecation on entire current assets of the company (Present & Future) and

2) First Pari-passu charge by way of Hypothecation on entire fixed assets of the company (Present & Future)

The collateral Security for the loan are 1) First Pari-passu charge on the, Industrial land admeasuring 5178.80 square yards along with building at plot no. 90/C, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of Swastik Coaters Pvt Ltd. 2) First Pari-passu charge on the, Industrial land admeasuring 5392 square yards along with building at plot no. 90/D, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of M/s Rouland Chemicals Pvt Ltd. 3) First Pari-passu charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Private Limited.

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar.
The loan is secured by Corporate guarantee of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd

15 Trade payables

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Trade payables			
- Total outstanding dues of micro and small enterprises (refer note : 33)	25.34	32.50	26.22
- Total outstanding dues of creditors other than micro and small enterprises	450.01	392.95	346.83
	475.35	**425.45**	**373.05**

Trade payables are non-interest bearing and are normally settled in 30-90 days terms.

Trade payables ageing schedule as at 31 March 2023

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	12.44	12.36	0.54	-	-	25.34
(ii) Others	280.83	160.01	9.12	0.05	-	450.01
(iii) Disputed Dues - MSME		-	-	-	-	-
(iv) Disputed Dues - Others		-	-	-	-	-
(v) Unbilled dues		-	-	-	-	-
Total	**293.27**	**172.37**	**9.66**	**0.05**	**-**	**475.35**

Trade payables ageing schedule as at 31 March 2022

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	10.46	22.04	-	-	-	32.50
(ii) Others	135.50	243.73	1.04	3.81	8.87	392.95
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
Total	**145.96**	**265.77**	**1.04**	**3.81**	**8.87**	**425.45**

Trade payables ageing schedule as at 01 April 2021

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	13.42	12.80	-	-	-	26.22
(ii) Others	190.54	142.63	4.08	9.58	-	346.83
(iii) Disputed Dues - MSME		-	-	-	-	-
(iv) Disputed Dues - Others		-	-	-	-	-
(v) Unbilled dues		-	-	-	-	-
Total	**203.96**	**155.43**	**4.08**	**9.58**	**-**	**373.05**

16 Provisions

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Provision for employee benefits			
i. Provision for Gratuity (refer note 34)			
Non-Current	25.64	22.52	14.08
Current	2.46	2.02	1.33
ii. Provision for Compensated absences			
Current	0.28	0.33	-
Provision for expense	19.66	8.46	5.18
	48.04	**33.33**	**20.59**
Non-Current	25.64	22.52	14.08
Current	22.40	10.81	6.51

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17 Deferred tax Liabilities (net)*

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
On property, plant and equipment	203.25	129.22	106.01
On provision for employee benefits	(9.00)	(8.82)	(4.66)
On borrowings	(11.22)	(0.75)	(1.40)
On MAT credit entitlement	(25.74)	-	-
On receivables credit impaired	(4.37)	(2.98)	(2.30)
On provision for others	(0.34)	(0.34)	-
On unabsorbed depreciation and business losses	(16.71)	-	-
	135.87	**116.33**	**97.65**

*Refer note: 37

18 Other Financial Liabilities

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Salaries payable	41.93	39.69	23.81
Interest accrued on MSME creditors	3.04	-	-
Interest accrued but not due on borrowings	0.71	4.02	-
Provision for bonus	14.36	11.60	5.22
Capital creditors	24.32	63.79	46.76
Others*	39.00	39.00	-
	123.36	**158.10**	**75.79**

* Includes payable amounting to Rs 39.00 Mn to preference share holders.

19 Other Current liabilities

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Statutory due payable	15.02	24.99	32.04
Advance from customers	16.51	19.90	132.94
Liability towards CSR	5.81	8.31	3.05
Others payables	1.30	0.75	0.22
	38.64	**53.95**	**168.25**

20 Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Current tax payable	151.48	125.82	41.49
Current Tax Assets			
Advance tax including self assessment tax	(123.15)	(39.14)	-
TDS and TCS receivable	(3.40)	(2.50)	(2.42)
	24.93	**84.18**	**39.07**

21 Revenue from operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from contracts with customers (Refer Note 38)		
Sale of products	1,478.89	1,171.39
Sale of services	937.26	682.09
Other Operating revenue		
- Scrap sales	96.90	78.38
- Export Incentives	3.70	12.81
	2,516.75	**1,944.67**

22 Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Gain on foreign exchange transactions and translations	60.11	-
Interest income		
- On fixed deposits	26.73	7.75
- Financial assets at amortised cost	0.37	0.16
Liabilities no longer required written back	-	24.44
Gain on derecognition of financial liabilities	9.58	-
Gain on sale of investment in subsidiary	-	14.42
Miscellaneous income	1.67	1.19
	98.46	**47.96**

23 Cost of Materials Consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
23(a) Opening Stock of Raw material	204.09	163.00
Add: Purchases	543.46	417.19
Less: Closing Stock of Raw material	(252.33)	(204.09)
	495.22	**376.10**

23(b) Changes in Inventories

	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory at the beginning of the year		
Work in progress	280.10	106.30
Finished goods	20.30	25.62
Scrap inventory	-	-
	300.40	**131.92**
Inventory at the end of the year		
Work in progress	(399.93)	(280.10)
Finished goods	(65.03)	(20.30)
Scrap inventory	(29.15)	-
	(494.11)	**(300.40)**
	(193.71)	**(168.48)**

24 Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	550.50	429.77
Contribution to provident and other funds	18.83	14.65
Gratuity and compensated absences expenses (refer note no:34)	8.52	5.49
Staff welfare expenses	14.84	12.80
	592.69	**462.71**

25 Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on term loans	72.25	33.86
Interest on working capital	30.22	14.34
Interest on optionally & compulsorily convertible debentures	148.64	28.23
Premium on redemption of debentures	146.50	-
Exchange differences adjusted to borrowing costs	66.10	20.83
Bank charges	3.09	13.53
Interest on delay in payment of taxes	12.54	8.84
Interest on MSME creditors	3.04	-
Other borrowing costs	41.44	16.53
	523.82	**136.16**

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26	**Depreciation expense**	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
	Depreciation of tangible assets (refer note 3)	165.83	133.14
		165.83	**133.14**

27	**Other expenses**	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
	Stores and spares consumed	99.90	85.76
	Job work charges	175.65	158.70
	Tools	179.52	147.35
	Repairs and maintenance :		
	- Machinery	18.11	6.85
	- Others	3.78	2.27
	Transportation charges	65.37	55.84
	Power and fuel	116.21	68.44
	Inspection and testing	5.27	4.92
	Sales commission	12.21	1.79
	Business promotion	6.34	0.94
	Communication, broadband and internet expenses	0.55	1.13
	Insurance	20.20	5.54
	Travelling and conveyance expenses	9.70	4.87
	Rent	8.01	5.17
	Rates and taxes	25.71	19.11
	Loss on foreign exchange transactions and translations other than those considered as finance cost (net)	-	1.59
	Professional & consultancy fees	22.22	28.81
	Printing , stationary, postage and courier	9.99	0.64
	Loss due to fire (refer note iii)	31.79	-
	Provision for CSR expenses(refer note ii below)	6.02	5.26
	Auditors remuneration (refer note i below)	5.45	1.83
	Security charges	14.00	10.27
	Outsourced manpower cost	44.16	25.87
	Provision for credit impaired trade receivable	4.75	2.37
	Miscellaneous expenses	14.86	6.34
		899.77	**651.66**

Note (i) Payments to auditors:
The following is the breakup of Auditors remuneration (exclusive of indirect taxes)

Particulars	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
As auditor		
- Statutory audit	5.45	1.83
Reimbursement of expenses		
Out of pocket expenses	-	-
	5.45	**1.83**

Note (ii) Details of Corporate social responsibility expenditure:

Particulars	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
(i) Gross amount required to be spent by the Company during the year	6.02	5.26
(ii) Amount approved by the Board to be spent during the year	6.02	5.26
(iii) Amount spent during the year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	-	-
(iv) Shortfall / (Excess) at the end of the year	6.02	5.26
(v) Total of previous years shortfall	-	3.05
(vi) Details of related party transactions	-	-
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the period/year should be shown separately	-	-
Opening provision	8.31	3.05
Addition during the year	6.02	5.26
Utilisation	8.52	-
Closing provision	5.81	8.31

Note (iii) : Loss due to fire
The cost of inventories & net written down value of property plant and equipment damaged during the fire has been recognised as expenditure (net of recoveries).

28 Additional information as required under Schedule III of the Companies Act, 2013 of entities consolidated as subsidiaries

	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	Net Assets, i.e. total assets minus total liabilities		Net Assets, i.e. total assets minus total liabilities		Net Assets, i.e. total assets minus total liabilities	
	As % of Consolidated net assets	Amount	As % of Consolidated net assets	Amount	As % of Consolidated net assets	Amount
A. Parent Company						
Azad Engineering Limited	100.42%	2,048.44	100.69%	1208.35	103.58%	941.45
B. Subsidiaries incorporate in India						
Swastik Coaters Pvt Ltd	1.42%	28.96	2.43%	29.11	3.19%	28.99
Agen Metcast Pvt Ltd*	0.00%	-	0.01%	0.10	-1.55%	(14.11)
Rouland Chemicals Pvt Ltd	0.01%	0.21	0.03%	0.42	0.04%	0.33
C. Consolidation adjustments	-1.85%	(37.73)	-3.16%	(37.91)	-5.25%	(47.74)
	100.00%	**2,039.88**	**100.00%**	**1200.07**	**100.00%**	**908.92**

*With effect from 18 June 2021 Agen Metcast Pvt Ltd ceased to be subsidiary of Azad Engineering Ltd due to complete sale of Investment in subsidiary.

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Share in profit/(loss)		Share in profit/(loss)	
	As % of Consolidated profit	Amount	As % of Consolidated profit	Amount
A. Parent Company				
Azad Engineering Limited	100.71%	85.33	100.02%	294.62
B. Subsidiaries incorporate in India				
Swastik Coaters Pvt Ltd	-0.17%	(0.14)	0.03%	0.09
Agen Metcast Pvt Ltd*	0.00%	-	0.00%	-
Rouland Chemicals Pvt Ltd	-0.24%	(0.21)	0.03%	0.10
C. Consolidation adjustments	-0.30%	(0.25)	-0.08%	(0.24)
	100.00%	**84.73**	**100.00%**	**294.57**

*With effect from 18 June 2021 Agen Metcast Pvt Ltd ceased to be subsidiary of Azad Engineering Ltd due to complete sale of Investment in subsidiary.

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Share in other comprehensive income		Share in other comprehensive income	
	As % of Consolidated profit	Amount	As % of Consolidated profit	Amount
A. Parent Company				
Azad Engineering Limited	100.00%	2.06	100.02%	(3.42)
B. Subsidiaries incorporate in India				
Swastik Coaters Pvt Ltd	0.00%	-	0.00%	-
Agen Metcast Pvt Ltd*	0.00%	-	0.00%	-
Rouland Chemicals Pvt Ltd	0.00%	-	0.00%	-
C. Consolidation adjustments	0.00%	-	0.00%	-
	100%	**2.06**	**100%**	**(3.42)**

*With effect from 18 June 2021 Agen Metcast Pvt Ltd ceased to be subsidiary of Azad Engineering Ltd due to complete sale of Investment in subsidiary.

29 **Contingent liabilities and commitments**

(a) Contingent Liabilities:

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Direct Tax	6.82	-	-
Customs duty	86.24	71.83	71.83
Bank Guarantees	0.50	0.50	0.24
Others	-	226.53	219.71

Direct Tax:

For AY 2020-21, A demand of Rs. 6.82 Mn has arisen on account of a disallowance made by assessing officer while completing the assessment vide order dated 24 September 2022 . The Company has preferred and appeal against the said assessment order before the Commissioner of Income Tax (Appeals) and the same is pending. The case is yet to be taken up for hearing and necessary action will be taken as soon as the case is taken up for hearing.

Customs Duty:

All the customs duty notices are pertaining to Advance authorisation/ EPCG authorisation received from DGFT (Director General of Foreign Trade) which were used to import our raw material and Plant and Machinery without payment of Custom Duty.
All advance authorisation is pending with Norms committee of DGFT for finalisation of Standard Input and Output Norms (SION). Once Norms is finalised for above advance authorisation, we will communicate to customs department for closure of above Notice.
All EPCG authorisation is in closure process with regional DGFT office at Hyderabad.

The Company has imported Raw Material and Capital Goods under Advance and EPCG authorization received from DGFT without payment of custom duty for which all export obligations have been fulfilled. The company has received intimation from Customs towards payment of duty amounting to 31 March 2023 : Rs.86.24 Mn(31 March 2022: Rs 71.83 Mn and 31 March 2021: Rs 71.83 Mn). However due to the norms which are pending for finalization by the authorities, the company has not accepted this claim.

Others:

The Company has placed an order with Hamuel Maschinenbau Gmbh & Co (Supplier) in June 2016 for supply of 14 machines and out of which 4 machines were delivered in Feb 2017. The company has found defect in machinery and requested the supplier to repair the machinery. Supplier has declined the request to repair.

With respect to above dispute with the supplier, an amount of Rs 226.53 Mn as at 31 March 2022 (01 April 2021: Rs 219.71 Mn) has been disclosed as a contingent liability. On the basis of the basis of management assessment, no provision would be required in relation to this disputed matter.

Further on 01 December 2022, the Company and supplier amicably settle the issue and agrees to pay Rs 228.91 Mn and supplier agrees to deliver 12 new HIWIN motors (type number 828342) for A-Axes for machine HSTM 150 S2 and 12 new HIWIN motors (Type number 825556) for C-Axes of machine HSTM 150 S2 free of cost. Also, supplier will deliver a permanent key for their Single Blade software free of charge.

Other disputes if any

The Company based on its legal assessment does not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

(b) Capital Commitments

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Unexecuted capital orders to the extent not provided for	498.26	510.00	138.00

30 **Related party disclosures**

(a) Names of related parties and related party relationship

Name of the Related Party	Nature of Relationship
Key Managerial Persons:	Chairman and Chief Executing Officer- Rakesh Chopdar
	Whole Time Director - Jyoti Chopdar
	Whole Time Director - Vishnu Pramodkumar Malpani (w.e.f 13/09/2023)
	Chief Financial Officer - Ronak Jajoo (w.e.f 14/09/2023)
	Company Secretary- Ful Kumar Gautam
Relatives of KMPs	Relatives of KMPs - Kartik Chopdar
	Relatives of KMPs - Satwik Chopdar
Entities over which KMPs/ directors and/ or their relatives are able exercise significant influence	Forgen Power Parts Private Limited
	Azad Synergies Private Limited (up to 30/09/2022)
	Radhe Creations Private Limited
	Atlas Fasteners
	Azad F&B Private Limited (w.e.f - 28/12/2022)
	OHGO Engineering Private Limited w.e.f - 19/09/2012 (formerly known as Ohri Industries Private Limited)
	Agrima Logi Park
	Agen Metcast Private Limited (w.e.f 18/06/2021 till 06/01/2023)

(b) Transactions with KMP's/directors and their relatives

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
KMPs Remuneration:	**66.49**	**61.75**
Rakesh Chopdar	45.90	41.12
Jyoti Chopdar	12.00	13.87
Vishnu Pramodkumar Malpani	4.22	4.22
Ful Kumar Gautam	2.22	1.21
Ronak Jajoo	2.15	1.33
KMPs Relatives Remuneration:	**4.21**	**3.92**
Kartik Chopdar	3.85	3.92
Satwik Chopdar	0.36	-
Loan taken/(repaid) from/to related parties (Included in long term borrowings)	**(2.91)**	**(9.26)**
Rakesh Chopdar	-	(4.46)
Jyoti Chopdar	(2.91)	(4.80)
Advances to given to employees	**-**	**3.00**
Vishnu Pramodkumar Malpani	-	1.00
Ronak Jajoo	-	1.00
Ful Kumar Gautam	-	1.00

(c) Balances with KMP's/directors and their relatives

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Loan from related parties(Included in long term borrowings)	**3.75**	**6.66**	**15.92**
Rakesh Chopdar	-	-	4.46
Jyoti Chopdar	3.75	6.66	11.46
Other current financial liabilities (Salaries payable)	**3.79**	**3.49**	**0.63**
Jyoti Chopdar	3.53	3.35	0.33
Kartik Chopdar	0.22	0.14	0.30
Satwik Chopdar	0.04	-	-
Advances to employees (Included in other current assets)	**3.15**	**3.15**	**-**
Kartik Chopdar	0.15	0.15	-
Vishnu Pramodkumar Malpani	1.00	1.00	-
Ronak Jajoo	1.00	1.00	-
Ful Kumar Gautham	1.00	1.00	-

(d) Transactions with entities over which KMPs/ directors and/or their relatives are able to exercise significant influence

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Rental Income (Included in other income)	**0.08**	**0.08**
Atlas Fasteners	0.08	0.08
Sale of goods or services	**0.23**	**0.03**
Atlas Fasteners	0.23	0.03
Other deposits & Advances (Included in other current assets)	**8.22**	**0.50**
Agen Metcast Pvt Ltd	-	0.50
Atlas Fasteners	8.22	-

(e) Balances with entities over which KMP's/directors and/or their relatives are able to exercise significant influence

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Loan from related party (Included in long term borrowings)	**2.07**	**2.02**	**2.00**
Forgen Power Parts Private Limited	2.00	2.00	2.00
Ashok Gentyala	0.05	0.02	-
Rakesh Chopdar	0.02	-	-
Other Non current financial assets	**4.32**	**4.32**	**4.32**
Forgen Power Parts Private Limited (Electricity Deposit)	2.32	2.32	2.32
Forgen Power Parts Private Limited (Security deposits)	2.00	2.00	2.00
Other deposits & advances (Included in other current assets)	-	**9.30**	-
Agen Metcast Pvt Ltd	-	9.30	0
Trade receivables	**1.42**	**1.17**	**1.06**
Atlas fasteners	1.42	1.17	1.06
Advance to suppliers (Included in other current assets)	**7.86**	-	-
Atlas fasteners	7.86	-	-
Trade payables	-	**0.43**	-
Atlas fasteners	-	0.43	-

31 Earnings per share (EPS)

Basic earnings per share amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share amounts is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	As at 31 March 2023	As at 31 March 2022
Earnings		
Profit after tax for the period/year attributable to equity shareholders	84.73	294.57
Add: Fair value adjustments towards compulsorily convertible debentures*	110.55	11.53
Profit for the period/years considered for calculation of diluted earnings per share	195.28	306.10
Shares		
Original Number of Equity Shares (post share split) #	82,59,130	75,66,000
Add : Impact of Bonus Issue #	4,12,95,650	3,78,30,000
Weighted Average Number of Equity Shares		
For calculating Basic EPS	4,73,01,690	4,53,96,000
Effect of dilution:		
- On account of Compulsory Convertible Debentures*	41,16,449	8,13,510
Weighted average number of equity shares for Diluted EPS	5,14,18,139	4,62,09,510
Earnings Per Share		
Face Value Rs. 2 per share		
Basic (Rs.)	1.79	6.49
Diluted* (Rs.)	1.79	6.49

* Compulsorily convertible debentures are considered to be potential equity shares. They have not been included in the determination of diluted earnings per share during financial years ended 31 March 2023 and 31 March 2022 as these were considered anti-dilutive

Shareholders have approved the below at Extra-ordinary general meeting held on 12 September 2023: (refer note 40)
a. Share split of one equity share having face value of Rs. 10 each into 5 shares of Rs. 2 each and
b. Issue of fully paid bonus shares of Rs.2 each in proportion of five equity shares for every one existing equity share.
Accordingly, as an adjusting event, the earnings per share has been adjusted for subdivision of shares and bonus shares for the current and previous years presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

32 Segment Reporting

The Managing Director of the Company takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and OEM components, have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the Consolidated Financial Statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

a. Geographical Segment information:

Revenue from Customers	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
With in India	493.67	413.69
Outside India	2,023.08	1,530.98
Total	**2,516.75**	**1,944.67**

b. The company has entire non-current assets within India. Hence, separate figures have not been furnished.

c. Revenue from Major Customers

The Company earns revenue from few of its major customers which individually amount to 10 % or more of the company's revenues. Details of such customers. Details of such customers(i.e. the total amount of revenues from each sech customer) are disclosed below:

Revenue from Customers	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
Customer-1	829.56	423.85
Total	**829.56**	**423.85**

33 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

The amount due to Micro and Small Enterprises as defined in the 'The 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. The disclosures relating to Micro, Small and Medium Enterprises are as under:

	As at 31 March 2023	**As at 31 March 2022**	**As at 01 April 2021**
The amounts remaining unpaid to micro and small supplies as at end of the year			
i) Principal amount remaining unpaid to supplier at the end of the year	25.34	32.50	26.22
ii) Interest due thereon remaining unpaid to supplier at the end of the year	3.04	-	-
iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-
v) Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-	-
vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	3.04	-	-

34. Employee benefits

a) Defined Contribution Plan

Provident Fund:

Contributions were made to provident fund and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation.

b) Defined Benefit Plan

Gratuity:

The Company provides Gratuity for employees in India as per the Payment of Gratuity Act, 1972. All employees are entitled to gratuity benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation.

This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The present value of the defined benefit obligation and the relevant current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

c) Amounts Recognised as Expense:

i) Defined Contribution Plan

Contribution towards employee provident fund and Others, which is a defined contribution plan for the year 31 March 2023 aggregated to Rs. 18.83 Mn (31 March 2022 : Rs. 14.65 Mn)

ii) Defined Benefit Plan

Contribution towards Gratuity for the year 31 March 2023 aggregated to 8.52 Mn (31 March 2022 : 5.49 Mn)

d) Amounts recognised in the Financial statements as at year end for Gratuity provision are as under:

		As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
i)	**Change in Present Value of Obligation**			
	Present value of the obligation at the beginning of the year	24.54	15.41	11.06
	Current Service Cost	6.80	4.47	3.12
	Interest Cost	1.72	1.03	0.71
	Actuarial (Gain)/Loss on Obligation- Due to Change in Financial Assumptions	(3.93)	3.57	0.23
	Actuarial (Gain) / Loss on Obligation- Due to Change in Demographic Assumptions	-	-	-
	Actuarial (Gain) / Loss on Obligation- Due to Experience Adjustments	1.03	1.26	0.34
	Benefits Paid	(2.06)	(1.20)	(0.05)
	Present value of the obligation at the end of the year	**28.10**	**24.54**	**15.41**
ii)	**Bifurcation of present value of Benefit obligation**			
	Current- Amount due within one year	2.46	2.02	1.33
	Non-current- Amount due after one year	25.64	22.52	14.08
	Total	**28.10**	**24.54**	**15.41**
iii)	**Expected benefit payments in future years**			
	Year 1	2.46	2.02	1.33
	Year 2	1.85	1.35	1.07
	Year 3	2.16	1.51	1.04
	Year 4	2.45	1.83	1.11
	Year 5	2.07	2.07	1.34
	Year 6 to Year 10	11.77	9.78	6.24
iv)	**Sensitivity Analysis**			
	Discount Rate - 1 percent increase	25.70	22.25	14.08
	Discount Rate - 1 percent decrease	30.90	27.23	16.98
	Salary Escalation Rate - 1 percent increase	30.88	27.14	16.97
	Salary Escalation Rate - 1 percent decrease	25.69	22.27	14.07
v)	**Amounts Recognised in the Balance sheet:**			
	Present value of Obligation at the end of the year	28.10	24.54	15.41
	Fair value of Plan Assets at the end of the year	-	-	-
	Net Liability recognised in the Balance Sheet	**28.10**	**24.54**	**15.41**
vi)	**Amounts Recognised in the Statement of Profit and Loss:**			
	Current Service Cost	6.80	4.46	3.12
	Net interest on net Defined Liability / (Asset)	1.72	1.03	0.71
	Expenses recognised in Statement of Profit and Loss	**8.52**	**5.49**	**3.83**
vii)	**Recognised in other comprehensive income for the year**			
	Actuarial Gains /(Losses) on Liability	2.90	(4.83)	(0.57)
	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset) above	-	-	-
	Recognised in other comprehensive income	**2.90**	**(4.83)**	**(0.57)**
viii)	**Actuarial Assumptions**			
	i) Discount Rate Based on yields (as on valuation date) of Government Bonds with a tenure similar to the expected working lifetime of the employees	7.20%	7.32%	6.97%
	ii) Salary Escalation Rate based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the Company.	3.50%	5.00%	3.00%
	iii) Retirement Age	58 years	58 years	58 years
	iv) Attrition Rate	5%	5%	5%
	v) Mortality rate	IALM(2012-14) Ult.	IALM(2012-14) Ult.	IALM(2012-14) Ult.

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35 Financial instruments

A. Financial instruments by category			As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
	Note No.	Fair value level	Amortized Cost	Amortized Cost	Amortized Cost
Financial assets					
Non current					
- Other financial assets	5	Level 2	33.72	31.15	34.36
Current					
(i) Trade receivables	8	Level 2	1,186.63	746.31	525.75
(ii) Cash and cash equivalents	9	Level 2	194.06	44.25	17.74
(iii) Bank balances other than (ii) above	9	Level 2	333.27	132.48	154.11
(iv) Other financial assets	5	Level 2	0.91	-	12.34
Total financial assets			**1,748.59**	**954.19**	**744.30**
Financial liabilities					
Non current					
(i) Borrowings	13	Level 2	2,208.61	1,225.53	414.60
Current					
(i) Borrowings	14	Level 2	797.40	746.27	462.53
(ii) Trade payables	15	Level 2	475.35	425.45	373.05
(iii) Other financial liabilities	18	Level 2	123.36	158.10	75.79
Total financial liabilities			**3,604.72**	**2,555.35**	**1,325.97**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost.

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.
The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers among level 1, level 2 and Level 3 during the year

B. Financial risk management

The Group activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, security deposits and bank deposits.	Ageing analysis. Credit score of customers/ entities.	Monitoring the credit limits of customers and obtaining security deposits.
Liquidity risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits.

The Company risk management is carried out by the Senior Management under policies approved by the Board of Directors. The Board of Directors provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

Risk management framework

The board of directors have overall responsibility for the risk management framework. The board of directors are responsible for developing and monitoring the risk management policies. The board of directors monitors the compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A. Credit risk

i. Credit risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the group's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The group limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The group does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The group also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The group does not foresee any credit risks on deposits with regulatory authorities.

ii. Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from Top Customer	829.56	423.85
Revenue from Top 5 customers(Other than above customer)	758.65	642.22

One customer accounted for more than 33.01% of the revenue for the year ended 31 March 2023. One customer accounted for more than 21.94% of the revenue for the year 31 March 2022.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Allowance for bad and doubtful debts	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Opening balance	10.25	7.89	-
Credit loss added	4.75	2.36	7.89
Written off during the year	-	-	-
Reversal during the year	-	-	-
Closing balance	**15.00**	**10.25**	**7.89**

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities:

As at 31 March 2023

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	2,208.61	-	608.61	1,600.00	2,208.61
Short-term borrowings	797.40	797.40	-	-	797.40
Trade payables	475.35	475.35	-	-	475.35
Other financial liabilities	123.36	123.36	-	-	123.36
Total	**3,604.72**	**1,396.11**	**608.61**	**1,600.00**	**3,604.72**

As at 31 March 2022

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	1,225.53	-	1,225.53	-	1,225.53
Short-term borrowings	746.27	746.27	-	-	746.27
Trade payables	425.45	425.45	-	-	425.45
Other financial liabilities	158.10	158.10	-	-	158.10
Total	**2,555.35**	**1,329.82**	**1,225.53**	**-**	**2,555.35**

As at 01 April 2021

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	414.60	-	414.60	-	414.60
Short-term borrowings	462.53	462.53	-	-	462.53
Trade payables	373.05	373.05	-	-	373.05
Other financial liabilities	75.79	75.79		-	75.79
Total	**1,325.97**	**911.37**	**414.60**	**-**	**1,325.97**

The Company has secured loans from bank that contain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table.

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to Interest rate risk

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Variable rate borrowings	1,328.87	1,339.30	803.51
Fixed rate borrowings	1,671.32	623.84	16.70

Interest rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	01 April 2021
Sensitivity			
1% increase in variable rate	(13.29)	(13.39)	(8.04)
1% decrease in variable rate	13.29	13.39	8.04

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity to a reasonably possible change in the USD/EUR exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Amount in USD	Equivalent amount in INR for USD	Amount in EURO	Equivalent amount in INR for EURO	Amount in Others	Equivalent amount in INR for JPY
31 March 2023						
Trade Receivable	9.26	760.32	1.70	151.99	-	-
Trade Payable including capital creditors	0.15	12.59	-	-	0.00	0.02
Borrowings	11.73	963.19	-	-	-	-
31 March 2022						
Trade Receivable	5.77	437.63	1.66	140.46	-	-
Trade Payable including capital creditors	0.04	3.36	0.14	11.53	0.01	0.82
Borrowings	10.56	800.76	1.41	119.46	-	-
01 April 2021						
Trade Receivable	3.58	263.12	0.99	85.45	-	-
Trade Payable including capital creditors	0.21	15.53	0.13	11.62	0.05	3.06
Borrowings	8.63	633.51	1.25	107.52	-	-

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
31 March 2023					
	USD	(10.77)	10.77	(7.64)	7.64
	EURO	7.60	(7.60)	5.39	(5.39)
	JPY	(0.00)	0.00	(0.00)	0.00
31 March 2022					
	USD	(18.32)	18.32	(12.99)	12.99
	EURO	0.47	(0.47)	0.34	(0.34)
	JPY	(0.04)	0.04	(0.03)	0.03
01 April 2021					
	USD	(19.30)	19.30	(13.68)	13.68
	EURO	(1.68)	1.68	(1.19)	1.19
	JPY	(0.15)	0.15	(0.11)	0.11

36 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to equity shareholders.

For the purpose of the group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the group's capital management is to maximize the shareholder value and to ensure the group's ability to continue as a going concern.

The group has not distributed any dividend to its shareholders. The group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Compulsory Convertible Debentures and current borrowing from banks and financial institutions. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Total Debt (Refer note 13 and 14)	3,006.01	1,971.80	877.13
Less : cash and cash equivalents and bank balances	527.33	176.73	171.85
Adjusted net debt	**2,478.68**	**1,795.07**	**705.28**
Total equity	**2,039.88**	**1,200.07**	**908.92**
Gearing Ratio	**0.55**	**0.60**	**0.44**

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

37 Income Taxes

Components of Income Tax Expense

		For the year ended 31 March 2023	For the year ended 31 March 2022
	Tax expense recognised in the Statement of Profit and Loss		
A.	**Current Tax**		
	Current year	25.74	86.68
	Tax pertaining to earlier years	2.42	-
	Total (A)	**28.16**	**86.68**
B.	**Deferred Tax**		
	Origination and reversal of temporary differences	18.70	20.09
	Total (B)	**18.70**	**20.09**
	Total (A+B)	**46.86**	**106.77**
C.	**Tax on Other Comprehensive Income**		
	Deferred tax		
	Origination and reversal of temporary differences - OCI	(0.84)	1.41
	Total	**(0.84)**	**1.41**

Current tax (assets) / liabilities (net)

		As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
D.	Advance tax Including TDS receivable and Self assessment tax paid	(126.55)	(41.64)	(2.42)
E.	Provision for tax	151.48	125.82	41.49
		24.93	**84.18**	**39.07**

F. Reconciliation of tax expense and the Accounting Profit

	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before income taxes	131.59	401.34
Indian statutory income tax rate	29.12%	29.12%
Expected Income Tax Expense	38.00	117.00
Tax effect of expenditure disallowed under income tax	9.18	(5.73)
Others	(0.32)	(4.50)
Total income tax expense	**46.86**	**106.77**

Movement during the year ended 31 March 2023	As at 1 April 2022	(Credit)/charge in the Statement of Profit and Loss	(Credit)/charge in OCI	As at 31 March 2023
Deferred tax (assets)/liabilities				
On property, plant and equipment	129.22	74.03	-	203.25
On provision for employee benefits	(8.82)	(1.02)	0.84	(9.00)
Provision for doubtful receivables	(2.98)	(1.39)	-	(4.37)
Borrowings	(0.75)	(10.47)	-	(11.22)
MAT Credit Entitlement	-	(25.74)	-	(25.74)
On unabsorbed depreciation and business losses	-	(16.71)	-	(16.71)
Others	(0.34)		-	(0.34)
Total	**116.33**	**18.70**	**0.84**	**135.87**

Movement during the year ended 31 March 2022	As at 1 April 2021	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in OCI	As at 31 March 2022
Deferred tax (assets)/liabilities				
On property, plant and equipment	106.01	23.21	-	129.22
On provision for employee benefits	(4.66)	(2.75)	(1.41)	(8.82)
Provision for doubtful receivables	(2.30)	(0.68)	-	(2.98)
Borrowings	(1.40)	0.65	-	(0.75)
Others	-	(0.34)	-	(0.34)
Total	**97.65**	**20.09**	**(1.41)**	**116.33**

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The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

38 Revenue from operations

Revenue from contract with customers

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Income from Sale of products	1,478.89	1,171.39
Income from Sale of services	937.26	682.09
Income from - Scrap sales	96.90	78.38
Export Incentives	3.70	12.81
	2,516.75	**1,944.67**

Disaggregated revenue information

Geographic Revenue		
Revenue from contract with customers		
With in India	493.67	413.69
Outside India	2,023.08	1,530.98
	2,516.75	**1,944.67**
Timing of revenue recognition		
Services transferred at a point of time	940.96	694.90
Goods transferred at a point of time	1,575.79	1,249.77
Total revenue from contracts with customers	**2,516.75**	**1,944.67**

Reconciliation of revenue recognised with the contracted price is as follows:		
Contract price	2,516.75	1,944.67
Less: Discounts and disallowances	-	-
Total revenue from contracts with customers	**2,516.75**	**1,944.67**

Contract balances

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Trade receivables (Refer Note 8)	1,186.63	746.31	525.75

Performance obligation:

Sale of products:
Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sales of services:
The performance obligation in respect of Job work services is satisfied at point of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of the job work and acceptance of the customer.

39 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

40 Subsequent Events

i The Company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 14 July 2023 and consequently the name of the Company has changed to "Azad Engineering Limited" pursuant to a fresh certificate of incorporation issued by ROC on 05 September 2023.

ii Pursuant to resolution passed by our Board and Shareholders dated 11 September 2023 and 12 September 2023, respectively, each equity shares of face value of Rs 10 each of our Company has been split into five Equity Shares of face value of Rs 2 each. Accordingly, the issued, subscribed and paid up capital of our Company has been sub-divided from 1,651,826 equity shares of face value of Rs 10 each to 8,259,130 Equity Shares of face value of Rs 2 each.

iii Subsequent to period end 31 March 2023, on 11 September 2023, Company has allotted 41,295,650 equity shares of Rs.2 each as bonus shares in proportion of 5 new bonus equity shares of Rs 2 each for every one equity share of Rs 2 each. This has been approved by Board and Shareholders on 12 September 2023

iv The Company vide its board and share holder meeting dated 14 September 2023 and 15 September 2024 has approved the transfer of the share holding in subsidiaries to Mr. Rakesh Chopdar. Consequently the management is in the process of transfer of 13,150 equity shares and 50,350 equity shares of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities respectively.

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a. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

c The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d The Group have not traded or invested in Crypto currency or Virtual currency during the financial year.

e The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

f The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

g The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

h The Group does not have any borrowings from banks and financial institutions that are used for any other purpose other than the specific purpose for which it was taken at the reporting balance sheet date.

i The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

j The Group is not declared as a wilful defaulter by any bank or financial institution or other lender during the any reporting period.

k There are no scheme of arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the reporting year

l The Group has neither declared nor paid any dividend during the reporting year

m **Title deeds of Immovable Properties not held in name of the Group**
The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 3 & 4 to the financial statements, are held in the name of the company.

n The group has not revalued its property, plant and equipment during the Financial year 2022-23

42 **The Code on Social Security 2020**
The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the certain provisions of the Code will come into effect and the rules thereunder has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

43 First time adoption of Ind AS

As stated in note 2, these are the Company's first consolidated financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements for the year ended 31 March 2023 and in the preparation of an opening Ind AS balance sheet at 1 April 2021 (transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, profit and loss and cash flows is set out in the following tables and the notes that accompany the tables.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

Deemed Cost : As per para D7AA of Ind AS 101 an entity may elect to:
measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to
- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index
use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to carry the previous GAAP carrying values as deemed cost for all of the items of property, plant and equipment and capital work-in-progress.

A.2 Ind AS mandatory exception

A.2.1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the Consolidated financial statements that were not required under the previous GAAP are listed below:
a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
b) Determination of the discounted value for financial instruments carried at amortised cost.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done prospectively from the transition date.

A.2.3 Deemed cost

As per para D7AA of Ind AS 101 permits a first-time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

B. Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cashflows for prior periods. The following tables represent the reconciliations from previous

Reconciliation of equity as at 1 April 2021

Assets	Notes to first-time adoption	Previous GAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,177.51	33.26	1,210.77
Goodwill		33.26	(33.26)	-
Financial assets		-	-	-
- Investments		-	-	-
- Other financial assets		34.36	-	34.36
Other non-current assets	VIII	109.39	(53.87)	55.52
Total non-current assets	-	**1,354.52**	**(53.87)**	**1,300.65**
Current assets				
Inventories	VIII	294.93	47.95	342.88
Financial assets		-	-	-
(i) Trade receivables	II	533.64	(7.89)	525.75
(ii) Cash and cash equivalents		17.74	-	17.74
(iii) Bank balances other than (ii) above		154.11	-	154.11
(iv) Other financial assets		12.34	-	12.34
Other current assets	VIII	204.59	2.39	206.98
Total current assets	-	**1,217.35**	**42.45**	**1,259.80**
Total assets		**2,571.87**	**(11.42)**	**2,560.45**

MSKA & ASSOCIATES Hyderabad Chartered Accountants
AZAD ENGINEERING LIMITED AZAD

EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	VIII	54.13	(39.00)	15.13
Other equity	V & VIII	945.09	(51.30)	893.79
Total equity		**999.22**	**(90.30)**	**908.92**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	III	370.81	43.79	414.60
Provisions	VI	16.28	(2.20)	14.08
Deferred tax liabilities (net)	IV	68.65	29.00	97.65
Total non-current liabilities		**455.74**	**70.59**	**526.33**
Current liabilities				
Financial liabilities				
(i) Borrowings	III	463.18	(0.65)	462.53
(ii) Trade payables		-	-	-
- Total outstanding dues of micro and small enterprises		26.22	-	26.22
- Total outstanding dues of creditors other than micro and small enterprises		346.83	-	346.83
(iii) Other financial liabilities	VIII	70.57	5.22	75.79
Provisions	VI	2.79	3.72	6.51
Other liabilities		168.25	-	168.25
Current tax liabilities (Net)		39.07	-	39.07
Total current liabilities	-	**1,116.91**	8.29	1,125.20
Total liabilities	-	**1,572.65**	**78.88**	**1,651.53**
Total equity and liabilities	-	**2,571.87**	**(11.42)**	**2,560.45**

Reconciliation of equity as at 31 March 2022

Assets	**Notes to first-time adoption**	**Previous GAAP**	**Ind AS adjustments**	**Ind AS**
ASSETS				
Non-current assets				
Property, plant and equipment	VIII	1,609.13	(165.12)	1,444.01
Capital work-in-progress	VIII	38.18	198.38	236.56
Goodwill		33.26	(33.26)	-
Financial assets		-	-	-
- Investments		-	-	-
- Other financial assets	VII	29.91	1.24	31.15
Other non-current assets	VIII	686.73	(31.97)	654.76
Total non-current assets		**2,397.21**	**(30.73)**	**2,366.48**
Current assets				
Inventories	VIII	541.78	31.97	573.75
Financial assets		-	-	-
(i) Trade receivables	II	756.57	(10.26)	746.31
(ii) Cash and cash equivalents		44.25	-	44.25
(iii) Bank balances other than (ii) above		132.48	-	132.48
Other current assets	VIII	183.09	(3.15)	179.94
Total current assets		**1,658.17**	**18.56**	**1,676.73**
Total assets		**4,055.38**	**(12.17)**	**4,043.21**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		15.13	(0.00)	15.13
Other equity	V & VIII	1,239.04	(54.10)	1,184.94
Total equity		**1,254.17**	**(54.10)**	**1,200.07**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	III	1,222.85	2.68	1,225.53
Provisions		22.52	0.00	22.52
Deferred tax liabilities (net)	IV	85.71	30.62	116.33
Total non-current liabilities		**1,331.08**	**33.30**	**1,364.38**
Current liabilities				
Financial liabilities				
(i) Borrowings		746.27	-	746.27
(ii) Trade payables				
- Total outstanding dues of micro and small enterprises		32.50	-	32.50
- Total outstanding dues of creditors other than micro and small enterprises		392.95	-	392.95
(iii) Other financial liabilities		158.10	-	158.10
Provisions		10.81	(0.00)	10.81
Other liabilities	VIII	53.99	(0.04)	53.95
Current tax liabilities (Net)	VIII	75.51	8.67	84.18
Total current liabilities		**1,470.13**	**8.63**	**1,478.76**
Total liabilities		**2,801.21**	**41.93**	**2,843.14**
Total equity and liabilities		**4,055.38**	**(12.17)**	**4,043.21**

MSKA & ASSOCIATES Hyderabad Chartered Accountants

AZAD ENGINEERING LIMITED AZAD

Reconciliation of total comprehensive income for the year ended 31 March 2022

	Notes to first-time adoption	Previous GAAP	Ind AS adjustments	Ind AS
Revenues				
Revenue from operations	VIII	1,931.86	12.81	1,944.67
Other income	VII & VIII	60.61	(12.65)	47.96
Total income		**1,992.47**	**0.16**	**1,992.63**
Expenses				
Cost of Materials Consumed		376.10	-	376.10
Changes in inventories of finished goods, work-in-progress		(168.48)	-	(168.48)
Employee benefits expense	V & VI	471.89	(9.18)	462.71
Finance costs	III & V	127.98	8.18	136.16
Depreciation and amortisation expenses		133.14	-	133.14
Other expenses	V	653.84	(2.18)	651.66
Total expenses		**1,594.47**	**(3.18)**	**1,591.29**
Profit/(Loss) before tax		**398.00**	**3.34**	**401.34**
Tax expenses				
Current tax		86.68	-	86.68
Tax pertaining to earlier years		-	-	-
Deferred tax	IV	16.69	3.40	20.09
Total tax expense		**103.37**	**3.40**	**106.77**
Profit/(Loss) after tax (PAT)		**294.63**	**(0.06)**	**294.57**
Other comprehensive income				
Items that will not be reclassified subsequently to profit and loss				
Remeasurements of defined benefit liability	VI	-	(4.83)	(4.83)
Deferred Tax Income - OCI	IV	-	1.41	1.41
Total Other Comprehensive Income		-	(3.42)	(3.42)
Total comprehensive income/(loss) for the year		**294.63**	**(3.48)**	**291.15**

C. Notes to first-time adoption

Note I- Prior Period Adjustments

The Company has certain accruals and restatement of forex balances which were not accounted in the year when the expense / restatement was incurred. During the current year, on transition to Ind AS, the Company has rectified these errors by restating the transition date balance sheet and balance sheet as at 01 April 2021. Refer note V.

Note II - Expected credit loss

Under previous GAAP, the Company measured financial assets at cost. As at the transition date, the Company recognised the provision for expected credit loss for certain financial assets i.e., Trade receivables as per the criteria set out in Ind AS 101.

Note III- Borrowings

As per Ind AS 109, the Company has classified Foreign Currency Term Loans and Rupee Term Loans as financial liabilities to be measured at amortised cost. The borrowings have been restated as at the date of transition using effective interest method i.e., (Transaction value Less unamortized portion of transaction cost) and subsequently measured at amortized cost

Note IV -Deferred tax asset(net)

The Company has recognised deferred tax assets (net) on Provisions for doubtful debts other temporary difference on account of rectification of prior period errors and on account of adjustments made on transition to Ind AS.

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Note V- Retained earnings

Retained earnings as at 1 April 2021 has been adjusted consequent to below Ind AS transition adjustments

IND AS Impact	31 March 2022	1 April 2021
Total Equity as per previous GAAP	**1,254.17**	**999.22**
Adjustment of opening balance of equity - Ind AS	(90.30)	(103.33)
Correction on account of prior period adjustment	9.58	(2.47)
Provision for Expected credit loss	(1.69)	(7.89)
Adjustment for fair valuation of gratuity	3.96	-
Effective interest rate adjustment on borrowings	(9.47)	4.09
Adjustment due to measurement of financial assets and financial liabilities at amortised cost	0.16	-
Other adjustments	38.86	32.36
Tax effect of adjustments	(1.78)	(12.66)
Adjustment due to remeasurement of defined benefit plan(net of tax)	(3.42)	(0.40)
Total Equity as per Ind AS	**1,200.07**	**908.92**

Note VI- Defined benefit obligation

Under Indian GAAP, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are to be recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.
Therefore, the Company has recognised all the remeasurement gain/loss on the defined benefit liability in Other Comprehensive Income -Items that will not be reclassified subsequently to profit and loss forming part of Total Comprehensive Income from the date of transition to IndAS.

Note VII- Financial Assets (Amortised cost)

Interest free security deposit for loan:

Under Indian GAAP, interest-free security deposit (that are refundable in cash on completion of the loan term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognized as expense during FY 2021-22. Consequently, the amount of security deposit as on 31 March 2022 has been decreased by Rs. 1.91 Mn.

Note VIII- Material regrouping :

Appropriate regroupings have been made in the Consolidated Balance Sheet, Consolidated Statement of Profit & Loss, Consolidated Statement of Cashflows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cashflows, in order to bring them in line with the accounting policies and classification as per Consolidated Financial Statements of the Company for the years ended 31 March 2023, 31 March 2022 and 01 April 2021 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2018, as amended.

As per our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No :105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September, 2023

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Ronak Jajoo
Chief Financial Officer

Place: Hyderabad
Date: 22 September, 2023

Jyoti Chopdar
Whole time director
DIN : 03132157

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September, 2023

M S K A & Associates
Chartered Accountants
1101/B, Manjeera Trinity Corporate,
JNTU-Hitech City Road, Kukatpally,
Hyderabad, Telangana- 500 072.

Laxminiwas & Co.
Chartered Accountants
6-3-569/1,4th Floor, Above BMW Showroom,
Opp.RTA office, Khairtabad,
Hyderabad, Telangana - 500 082.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

Report on the Audit of the Special Purpose Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Special Purpose Consolidated Ind AS Financial Statements of **Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)** (hereinafter referred to as the "Holding Company"), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of changes in equity, the Consolidated Statement of Cash Flows for the year then ended and notes to the Special Purpose Consolidated Ind AS Financial Statements including a summary of significant accounting policies and other explanatory information and disclosure(Collectively referred to as the "Special Purpose Consolidated Ind AS Financial Statements").

In our opinion, the accompanying Special Purpose Consolidated Ind AS Financial Statements give a true and fair view in conformity with the Indian accounting Standards ("Ind AS") as prescribed under Sec 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, other accounting principles generally accepted in India of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year and then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Special Purpose Consolidated Ind AS Financial Statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Special Purpose Consolidated Ind AS Financial Statements which describes that consolidated financial statements have been prepared in accordance with the Indian accounting Standards ("Ind AS") as prescribed under Sec 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, other accounting principles generally accepted in India except for disclosure of comparatives which is exempt as per SEBI ICDR Regulations. The Special Purpose Consolidated Ind AS Financial Statements are prepared to assist the company for the purpose of preparation of Restated Consolidated Financial Information to be included in the Draft Red Hearing Prospectus("DRHP") ("Offer Document") of the Company in relation to its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Act, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI ("the Guidance Note"). As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose.

Our report is intended solely for the use of Company to comply with the requirements of SEBI ICDR Regulations and should not be distributed to or used by any other parties. We, M S K A & Associates and Laminas & Co, shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Responsibilities of Management and Those charged with Governance for Special Purpose Consolidated Ind AS Financial Statements

Management is responsible for the preparation and fair presentation of these Special Purpose Consolidated Ind AS Financial Statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company, in accordance with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, and this includes design, implementation, and maintenance of such internal controls as management determines necessary to enable the preparation of Special Purpose Consolidated Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Consolidated Ind AS Financial Statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Consolidated Ind AS Financial Statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Special Purpose Consolidated Ind AS Financial Statements.

Other Matter

M S K A & Associates, did not audit the Special Purpose Ind AS Financial Statements of two subsidiaries whose Special Purpose Ind AS Financial Statements reflect total assets of Rs. 36.79 Mn as at March 31, 2022, total revenues of Rs.0.24 Mn and net cash flows amounting to Rs. (0.03) Mn for the year ended on that date, as considered in the Special Purpose Consolidated Ind AS Financial Statements. These Special Purpose Ind AS Financial Statements have been audited solely by one of the joint auditor, M/s Laxminiwas & Co, whose reports have been furnished to us by the Management and our opinion on these Special Purpose Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) and sub-section (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the one of the Joint auditor.

Our opinion is not modified in respect of above matter.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No. 205226
UDIN: 23205226BGWEBX8878

Place: Hyderabad
Date: September 22, 2023

For Laxminiwas & Co.
Chartered Accountants
ICAI Firm Registration No. 011168S

Vijay Singh
Partner
Membership No. 221671
UDIN: 23221671BGVQKY2654

Place: Hyderabad
Date: September 22, 2023

Annexure A to the Independent Auditor's Report of Even Date on the Special Purpose Consolidated Ind AS Financial Statements of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Ind AS Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing our opinion on whether the company has internal financial controls with reference to Special Purpose Consolidated Ind AS Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Special Purpose Consolidated Ind AS Financial Statements, including the disclosures, and whether the Special Purpose Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No. 205226
UDIN: 23205226BGWEBX8878

Place: Hyderabad
Date: September 22, 2023

For Laxminiwas & Co.
Chartered Accountants
ICAI Firm Registration No. 011168S

Vijay Singh
Partner
Membership No. 221671
UDIN: 23221671BGVQKY2654

Place: Hyderabad
Date: September 22, 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) 2(ii)
(CIN : U74210TG1983PLC004132)
Special Purpose Consolidated Ind AS Financial Statements
Consolidated Balance Sheet as at 31 March 2022
(All amounts are Rs. in millions, unless otherwise stated)

Particulars	Note	As at 31 March 2022
ASSETS		
Non-current assets		
Property, plant and equipment	3	1,444.01
Capital work-in-progress	4	236.56
Financial assets		
- Other financial assets	5	31.15
Other non-current assets	6	654.76
Total non-current assets		**2,366.48**
Current assets		
Inventories	7	573.75
Financial assets		
(i) Trade receivables	8	746.31
(ii) Cash and cash equivalents	9	44.25
(iii) Bank balances other than (ii) above	9	132.48
Other current assets	10	179.94
Total current assets		**1,676.73**
Total assets		**4,043.21**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	11	15.13
Other equity	12	1,184.94
Total equity		**1,200.07**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	13	1,225.53
Provisions	16	22.52
Deferred tax liabilities (net)	17	116.33
Total non-current liabilities		**1,364.38**
Current liabilities		
Financial liabilities		
(i) Borrowings	14	746.27
(ii) Trade payables	15	
- Total outstanding dues of micro and small enterprises		32.50
- Total outstanding dues of creditors other than micro and small enterprises		392.95
(iii) Other financial liabilities	18	158.10
Provisions	16	10.81
Other current liabilities	19	53.95
Current tax liabilities (net)	20	84.18
Total current liabilities		**1,478.76**
Total liabilities		**2,843.14**
Total equity and liabilities		**4,043.21**

See accompanying notes forming part of the Special Purpose Consolidated Ind AS Financial Statements.

As per our report attached

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No :105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September 2023

For Laxminiwas &Co.,
Chartered Accountants
ICAI Firm registration number: 011168S

Vijay Singh
Partner
Membership No: 221671

Place: Hyderabad
Date: 22 September 2023

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Ronak Jajoo
Chief Financial Officer

Place: Hyderabad
Date: 22 September 2023

Jyoti Chopdar
Whole time director
DIN : 03132157

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Special Purpose Consolidated Ind AS Financial Statements
Consolidated Statement of Profit and Loss for the year ended 31 March 2022
(All amounts are Rs. in millions, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2022
Income		
Revenue from operations	21	1,944.67
Other income	22	47.96
Total income		**1,992.63**
Expenses		
Cost of Materials Consumed	23	376.10
Changes in inventories of finished goods, work-in-progress	23	(168.48)
Employee benefits expense	24	462.71
Finance costs	25	136.16
Depreciation expense	26	133.14
Other expenses	27	651.66
Total expenses		**1,591.29**
Profit before tax for the year		**401.34**
Tax expenses	37	
Current tax		86.68
Deferred tax		20.09
Total tax expense		**106.77**
Profit after tax for the year		**294.57**
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss		
Re-measurement gains/ (losses) on defined benefit plans		(4.83)
Income Tax relating to these items		1.41
Total Other comprehensive loss for the year		**(3.42)**
Total comprehensive income for the year		**291.15**
Earnings per share (Face value of share Rs 2 each)		
- Basic	31	6.49
- Diluted		6.49

See accompanying notes forming part of the Special Purpose Consolidated Ind AS Financial Statements.

As per our report attached

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

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Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Special Purpose Consolidated Ind AS Financial Statements
Consolidated Statement of Changes in Equity for the year ended 31 March 2022
(All amounts are Rs. in millions, unless otherwise stated)

A. Equity share capital

	Note	No. of Shares	Amount
As at 01 April 2021		**15,13,200**	**15.13**
Changes in equity shares	11	-	-
As at 31 March 2022		**15,13,200**	**15.13**

B. Other equity

Particulars	Reserves and surplus			Other comprehensive income	Total
	Securities premium	Retained earnings	Capital Redemption Reserve	Remeasurement of defined benefit obligations	
Balance as at 01 April 2021	**2.97**	**891.22**	-	**(0.40)**	**893.79**
Profit for the year	-	294.57	-	-	294.57
Other comprehensive income	-	-	-	(3.42)	(3.42)
Less: Transfer to Capital Redemption Reserve	-	(39.00)	-		(39.0)
Add: Transfer from Retained Earnings	-	-	39.00	-	39.00
Balance as at 31 March 2022	**2.97**	**1,146.79**	**39.00**	**(3.82)**	**1,184.94**

See accompanying notes forming part of the Special Purpose Consolidated Ind AS Financial Statements.

As per our report attached

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September 2023

For Laxminiwas &Co.,
Chartered Accountants
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Date: 22 September 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)
Special Purpose Consolidated Ind AS Financial Statements
Consolidated Statement of Cash Flows for the year ended 31 March 2022
(All amounts are Rs. in millions, unless otherwise stated)

Particulars		For the year ended 31 March 2022
A. Cash flow from operating activities		
Profit before tax		401.34
Adjustments for :		
Depreciation expense		133.14
Finance costs		136.16
Unrealized foreign exchange		15.04
Liabilities no longer required written back		(24.44)
Allowance for bad and doubtful debts		2.37
Interest income		(7.75)
Operating profit before working capital changes		**655.86**
Changes in working capital		
(Increase) /Decrease in trade receivables		(237.97)
(Increase)/Decrease in inventories		(230.87)
assets		(14.46)
(Increase)/Decrease in other current assets		27.04
Increase / (Decrease) in trade payables		76.84
liabilities		82.31
Increase / (Decrease) in provision		12.72
Increase/ (Decrease) in other liabilities		(114.30)
Cash generated from operations		**257.17**
Income taxes paid, (net of refund)		(47.78)
Net cash flow from operating activities	**A**	**209.39**
B. Cash flows from investing activities		
Purchase of property, plant and equipment including capital credit adjustment		(1,171.47)
Sale of Investments		0.10
Deposits placed having original maturity of more than 3 months, net		21.63
Interest received		7.75
Net cash used in investing activities	**B**	**(1,141.99)**
C. Cash flow from financing activities		
Proceeds from long term borrowings		447.29
Proceeds from issuance of optionally & Compulsory convertible debentures		600.00
Repayment of long term borrowings		(236.36)
Proceeds from/(repayment) of short term borrowings (net)		283.74
Interest paid		(135.56)
Net cash flow from financing activities	**C**	**959.11**
Net increase/(decrease) in cash and cash equivalents	**[A+B+C]**	26.51
Cash and cash equivalents at the beginning of the year		17.74
Cash and cash equivalents at end of the year		**44.25**
Cash and cash equivalents comprise (Refer note 9)		
Balances with banks		
- in current accounts		35.74
Cash on hand		8.51
Total cash and cash equivalents at end of the year		**44.25**

See accompanying notes forming part of the Special Purpose Consolidated Ind AS Financial Statements.

Note (i) The above consolidated statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 - "Statement of Cash Flows" notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules 2015 (as amended) and the relevant provisions of the Act.

As per our report attached

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September 2023

For Laxminiwas &Co.,
Chartered Accountants
ICAI Firm registration number: 011168S

Vijay Singh
Partner
Membership No: 221671

Place: Hyderabad
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For and on behalf of the Board of Directors of
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Place: Hyderabad
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Whole time director
DIN : 03132157

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September 2023

1 Corporate Information

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) ('the Company' / 'Parent Company'/ 'Holding Company'/ 'Azad') together with its subsidiaries (collectively, "the Group") is one of the only Indian manufacturers of highly engineered, complex, mission and life critical high precision components. Our products include 3D rotating airfoil portions of turbine engines and other critical products for combustion, hydraulics, flight-controls, propulsion and actuation which power defence and civil aircrafts, spaceships, defence missiles, nuclear power, hydrogen, gas power, oil and thermal power.

The Parent Company incorporated under the provisions of the Companies Act, 1956 and its subsidiaries have been incorporated under the provisions of the Companies Act, 1956. The Parent Company has been incorporated on September 14, 1983, under the provisions of the Companies Act, 1956, then applicable in India and is having its registered office at 90/C,90/D, Phase I I.D.A, Jeedimetla, Hyderabad, Telangana - 500055.

The Company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 14 July 2023 and consequently the name of the Company has changed to "Azad Engineering Limited" pursuant to a fresh certificate of incorporation by the Registrar of Companies on 05 September 2023.

2 Significant Accounting Policies

These notes provides a list of the significant accounting policies adopted in the preparation of these Special Purpose Consolidated Ind AS Finanancial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and measurement

(i) Statement of compliance & Basis for preparation

Special Purpose Consolidated Ind AS financial statements of the Company as at 31 March 2022 have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other recognised accounting practices and policies generally accepted in India including the requirements of the Act, which has been approved by the Board of Directors at their meeting held on 22 September 2023.

The Special Purpose Consolidated Ind AS Financial Statements are prepared for the purpose of preparation of restated consolidated financial information to be included in the Draft Red Hearing Prospectus("DRHP") ("Offer Document") of the Company in relation to its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Act, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI ("the Guidance Note"). As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose.

The comparative figures are not applicable since these are for Special Purpose as mentioned above and exempt as per SEBI ICDR Regulations

(ii) Functional and presentation currency

These Special Purpose Consolidated Ind AS Financial Statements are presented in Indian Rupees Rs., which is also the Company's functional currency. All financial statements presented in Indian rupees have been rounded-off to two decimal places to the nearest Millions except share data or as otherwise stated.

(iii) Basis of measurement

The Special Purpose Consolidated Ind AS Financial Statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities	: Measured at fair value
- Borrowings	: Amortised cost using effective interest rate method
- Net defined benefit (asset)/ liability	: Present value of defined benefit obligations less fair value of plan assets

(iv) Use of estimates and judgements

The preparation of the Special Purpose Consolidated Ind AS Financial Statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affects the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in the estimates are made as and when management becomes aware of changes in circumstances surrounding the estimates. Changes in the estimates are reflected in the financial statements in the period in which the changes are made and, if material, such effects are disclosed in the notes to Special Purpose Consolidated Ind AS Financial Statements.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

-Note 3 and 4- determining an asset's expected useful life and the expected residual value at the end of its life.

-Note 8- Impairment of non financial assets and financial assets;

-Note 29- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

-Note 34- measurement of defined benefit obligations: key actuarial assumptions;

-Note 37- recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:
- Note 35 - Financial instruments

(vi) Principles of consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.
(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual arrangements;
(iii) The Group's voting rights and potential voting rights;
(iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Special Purpose consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Special Purpose Ind AS Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Special Purpose consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Special Purpose Ind AS Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on 31 March 2022.

b. Consolidation procedures:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows rotating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment and intangible assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Special Purpose Ind AS Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profit and losses resulting from intragroup transactions.

c. Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.
(ii) Derecognises the carrying amount of any non-controlling interests.
(iii) Derecognises the cumulative translation differences recorded in equity.
(iv) Recognises the fair value of the consideration received.
(v) Recognises the fair value of any investment retained.
(vi) Recognises any surplus or deficit in profit or loss.
(vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

d. Subsidiaries considered in the Consolidated financial statements:

S. No.	Name of the entity	Relationship	Country of incorporation	Ownership interest in %
				31 March 2022
1	Rouland Chemicals Private Limited	Subsidiary	India	100%
2	Swastik Coaters Private Limited	Subsidiary	India	100%
3	Agen Metcast Private Limited*	Subsidiary	India	-
4	Azad Engineering Pte Ltd #	Subsidiary	Singapore	100%

*Agen Metcast Private Limited - Ceased to be a subsidiary with effect from 18 June 2021
During the month of 14 October 2020, the Company has subscribed for investment in Azad Engineering Pte Limited – 10,000 equity share of SGD 1 each, as 100% subsidiary of the Company, domiciled in Singapore. The shares are allotted by the subsidiary for which amount is yet to be paid by the Company. There are no operations started as by the subsidiary at 31 March 2022. The Company made an application for strike off, this application has been accepted by ACRA vide its letter dated 13 September 2023.

(vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when it is:
- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current

Liabilities

A liability is classified as a current when:
- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Group does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Group has ascertained its operating cycle as 12 months.

2.2 Summary of significant accounting policies

A. Revenue recognition

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

***i)* Sale of products:**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations. No significant element of financing is deemed present for the sales made with a credit term, which is consistent with market practice. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115.

***ii)* Sale of services:**

The Group renders job work services that are provided separately. The Group recognizes revenue from sale of services at a point in time, when products are sent to the customer after completion.

***iii)* Export benefits:**
Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

***iv)* Interest income:**
Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

***v)* Contract Balances:**

Contract Liability:
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Trade Receivable:
A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (D) Financial instruments – initial recognition and subsequent measurement.

B. Borrowing cost
General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

C Investment in Subsidiaries:
The Company's investment in its Subsidiaries are carried at cost.

D Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

i) Initial Recognition and measurement
Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased if the payments are overdue.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the group does not reduce impairment allowance from the gross carrying amount.

iv) ***Derecognition of financial assets***

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities:

i) **Initial recognition and measurement**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii) **Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below

This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Written - off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

E Property, plant and equipment

i) Recognition and measurement

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

ii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment. Freehold land is measured at cost and not depreciated. All other items of property plant and equipment are stated at cost less accumulated depreciation and impairment loss if any.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group

Useful life table

Category of asset	Useful lives estimated by the management	Useful lives as per Schedule II of Companies Act, 2013
Computer & Data processing units	3	3
Electrical Fittings	10	10
Furniture & fixtures	10	10
Servers & Networks	6	6
Plant & Machinery	15	15
Factory Buildings	30	30
Office equipment	5	5
Motor Vehicles	8	8

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss. Depreciation method, useful lives and residual values are reviewed at each period end and adjusted if appropriate.

iii) Expenditure during construction period:

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date. Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

F Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials:
Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on weighted average basis.

Raw Materials are valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. These items are considered to be realizable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

b)Finished Goods and Work in progress:
Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.
Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

c) Provision for inventory
Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

d) Tools
Tools used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools, subject to a maximum of 5 years.

G Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

H Employee benefits

(a) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

***(b)* Other long-term employee benefit obligations**
Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date

(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.
The Group is liable for any shortfall in the fund assets based on the Government specified rate of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year of incurring the same. Having regard to the assets of the fund and the return on the investments, the Group does not expect any deficiency as at the year end.

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(ii) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income (OCI) in the period in which they occur. Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

***(iii)* Compensated Absences:**

The Compensated absences policy provides employees to convert their unused accrued leave days into monetary compensation. It covers eligibility, types of leave eligible for encashment (earned/annual leave, privilege leave, and other applicable leave), and the maximum encashment limit.

The approval process ensures compliance with the policy, and the payout is calculated based on the employee's basic salary.

It also addresses taxation and deductions, stating that applicable tax laws will be followed, and the Group will deduct appropriate taxes at source. The policy reserves the right for the Group to amend or revise any part of it at its discretion, and any queries or clarifications regarding the policy's implementation can be addressed to the HR department. Employees acknowledge their agreement to adhere to the provisions of the policy by availing of compensated absences.

I Leases

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether
(i) the contract involves the use of identified asset;
(ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and;
(iii) the Group has the right to direct the use of the asset.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of 12 months or lower and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term. The related cash flows are classified as Operating activities in the Statement of Cash Flows.

J Income-tax

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which gives future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognized as a deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with it will be realised.

K Provision, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised.
However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

L Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

M Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

N Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

O Foreign currency transactions and balances

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

P Financial liabilities and equity instruments:

Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognised at the proceeds received.

Q Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

3 Property, plant and equipment

Description	Land	Factory Buildings	Plant & Machinery	Electrical Fittings	Furniture and Fixtures	Computer & Data processing Units	Servers & Networks	Office Equipment	Vehicles	Total
Gross Carrying amount										
Balance as at 01 April 2021	**82.59**	**94.46**	**990.33**	**35.37**	**14.44**	**14.08**	**7.96**	**13.85**	**46.42**	**1,299.50**
Additions	198.38	5.93	309.41	4.23	4.53	8.68	14.45	7.55	12.06	565.22
Adjustments	(198.38)	-	-	-	-	-	-	-	-	(198.38)
Disposals	-	(0.46)	-	-	-	-	-	-	-	**(0.46)**
Balance as at 31 March 2022	**82.59**	**99.93**	**1,299.74**	**39.60**	**18.97**	**22.76**	**22.41**	**21.40**	**58.48**	**1,665.88**
Accumulated depreciation										
Balance as at 01 April 2021	**-**	**3.12**	**68.88**	**3.46**	**1.80**	**2.33**	**1.38**	**2.25**	**5.51**	**88.73**
Depreciation for the year	-	4.23	88.43	11.29	2.18	9.45	3.91	3.80	9.85	133.14
Disposals/adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	**-**	**7.35**	**157.31**	**14.75**	**3.98**	**11.78**	**5.29**	**6.05**	**15.36**	**221.87**
Net carrying amount as at 01 April 2021	**82.59**	**91.34**	**921.45**	**31.91**	**12.64**	**11.75**	**6.58**	**11.60**	**40.91**	**1,210.77**
Net carrying amount as at 31 March 2022	**82.59**	**92.58**	**1,142.43**	**24.85**	**14.99**	**10.98**	**17.12**	**15.35**	**43.12**	**1,444.01**

3.01 Property, plant and equipment pledged as security

Refer to Note 13 & 14 for information on property, plant and equipment pledged as security by the group.

4 Capital Work In Progress

Particulars	As at 31 March 2022
Capital Works in Progress	236.56

Ageing - Capital Work In Progress

Project in progress	Amount in Capital Work In Progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022	236.56	-	-	-	236.56

There are no projects as Capital Work in Progress as at 31 March 2022 whose completion is overdue or cost of which has exceeds in comparison to its original plan.

Capitalised borrowing costs

Capital work in progress as at 31 March 2022 comprises expenditure for the new manufacturing unit under construction at Tuniki Bolaram. The construction work started in August 2021 and expected to be complete by March 2024.

The amount of borrowing costs capitalised during the year ended 31 March 2022 was Rs 38.18 Mn. All borrowing costs are capitalised using rates based on borrowings with the interest rate ranging between 11% to 14% per annum.

5 Other financial assets

	As at 31 March 2022
Non-current (at amortised cost)	
(Unsecured considered good)	
Deposits	
a. Security deposits	9.72
b. Deposit accounts with maturity for more than 12 months [refer note (a) below]	21.43
	31.15

Note (a): Out of the fixed deposits amounts Rs 14.54 Mn held as lien by banks towards the various

6 Other non-current assets

	As at 31 March 2022
(Unsecured, Considered good)	
a. Capital advances	572.59
b. Prepaid expenses	66.56
c. Electricity deposits	15.61
	654.76

7 Inventories

	As at 31 March 2022
Raw material	204.09
Work in progress	280.10
Finished goods*	20.30
Consumable stores, spares & fixtures	69.26
	573.75

*(Valued at lower of cost and net realisable value)

8 Trade receivables

	As at 31 March 2022
Trade receivables	
Unsecured,	
-Considered good (refer note below)	746.31
-Credit impaired	10.25
	756.56
Allowance for bad and doubtful debts	
Less: Receivables credit impaired	(10.25)
	746.31

i No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Neither any trade nor other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

ii Trade receivables are non-interest bearing and generally on terms of 120 to 180 days

iii Trade receivables include debts from related parties refer note No 30

Allowance for bad and doubtful debts	As at 31 March 2022
Opening balance	7.89
Credit loss added	2.36
Written off during the year	-
Reversal during the year	-
Closing balance	**10.25**

a. Trade receivables ageing schedule:

As at 31 March 2022

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	299.95	356.10	66.91	5.44	17.08	0.83	746.31
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	8.18	1.54	0.12	0.39	0.02	10.25
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**299.95**	**364.28**	**68.45**	**5.56**	**17.47**	**0.85**	**756.56**

9 Cash and bank balances

	As at 31 March 2022
(a) Cash and cash equivalents	
Balances with banks	
- in current accounts	35.74
Cash on hand	8.51
	44.25
(b) Other bank balances :	
- deposits with remaining maturity less than 12 months [refer note (a) below]	132.48
	132.48
	176.73

Note (a): Out of the fixed deposits amounts Rs 62.75 Mn held as lien by banks towards the various

10 Other current assets

	As at 31 March 2022
Unsecured, considered good	
Advance to suppliers	74.99
Advances to employees	16.39
Balance with government authorities	54.06
Other deposits & advances	25.00
Prepaid expenses	9.50
	179.94

11 Equity Share capital

	As at 31 March 2022
Authorized share capital	
10,000,000 Equity shares of Rs.10 each	100.00
Issued, subscribed and paid up	
1,513,200 Equity shares of Rs.10 each	15.13
	15.13

i) Reconciliation of authorised share capital

Particulars	As at 31 March 2022	
	No. of shares	Amount in Rs. Mn
Outstanding at the beginning of the year	1,00,00,000	100.00
Changes during the year	-	-
Outstanding at the end of the year	1,00,00,000	100.00

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2022	
	No. of shares	Amount in Rs. Mn
Outstanding at the beginning of the year	15,13,200	15.13
Add:		
i. issued during the year	-	-
Outstanding at the end of the year	15,13,200	15.13

Note (a) the Board of Directors at their meeting held on 11 September 2023 and shareholders of the Company at their meeting held on 12 September 2023 have approved stock split of 1 equity share having face value of Rs 10 to 5 equity shares having face value of Rs 2 each. Further the board of directors and shareholders of the Company vide the said meetings have also approved capitalization of the Rs 82.59 Mn reserves of the Company for issuance of bonus shares in proportion of 5 new bonus equity shares of Rs 2 each for every one equity share of Rs 2 each.

iii) Rights, preferences and restrictions attached to equity shares of Rs. 10 each, fully paid up:

The Company had only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv) Shares held by shareholders holding more than 5% in the Company as at:

Name of Shareholder	As at 31 March 2022	
	No. of Shares	% Holding
Rakesh Chopdar	15,06,800	99.58%

As per the records of the Company including its register of shareholders and other declarations received from shareholders regarding beneficial interest the above shareholding represents both legal and beneficial interest.

v) Shareholding of promoters

Name of promoter	As at 31 March 2022		
	No. of Shares	% Holding	% Change during the year
Rakesh Chopdar*	15,06,800	99.58%	0.00%

* As per board meeting dated 11 September 2023, Mr. Rakesh Chopdar is identified as the only promoter.

vi) No class of shares have been bought back by the Company during the period of five years immediately preceding the reporting date.

12 Other equity

	As at 31 March 2022
Securities premium (refer note i)	2.97
Retained earnings (refer note ii)	1,146.79
Capital Redemption Reserve (refer note iii)	39.00
Other comprehensive income (refer note iv)	(3.82)
Total other equity	**1,184.94**

i) Securities premium*	For the year ended 31 March 2022
Balance at the beginning of the year	2.97
Add: Security premium from issue of equity shares	-
Balance at the end of the year	**2.97**

* Securities premium is used to record the premium on issue of shares to be utilized in accordance with the Act.

ii) Retained earnings	For the year ended 31 March 2022
Balance at the beginning of the year	891.22
Add: Profit for the year	294.57
Less: Transfer to Capital Redemption Reserve	(39.00)
Balance at the end of the year	**1,146.79**

*iii) Capital Redemption Reserve^*	For the year ended 31 March 2022
Balance at the beginning of the year	-
Add: Transfer from retained earnings	39.00
Balance at the end of the year	**39.00**

^It represents an amount equal to the nominal value of the preference shares redeemed, transferred from retained earnings at the time of redemption of preference shares to the capital redemption reserve. The reserve will be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

iv) Other comprehensive income (OCI)	For the year ended 31 March 2022
Other items of OCI	
Remeasurement of defined benefit obligations (liability net of tax)#	
Balance at the beginning of the year	(0.40)
Add: Changes during the year	(4.83)
Tax effect on Other comprehensive Income	1.41
Balance at the end of the year	**(3.82)**

#Actuarial valuation reserve comprises the cumulative net gains / losses on actuarial valuation of post-employment obligations.

13 Long Term Borrowings (at amortised cost)

	As at 31 March 2022
Secured	
Optionally Convertible Debentures (refer note (iii))	424.72
Compulsorily Convertible Debentures (refer note (iii))	183.91
Term loans	
- from Bank (refer note (i))	652.46
- from others (refere note (ii))	148.81
Vehicle loans	15.21
Unsecured	
Loan from Related parties (refer note (iv))	8.66
Less : Current maturities of long term borrowings	(208.24)
Total	**1,225.53**

i) Terms of Long Term Loan from Consortium Banks (Union Bank of India(UBI), IndusInd Bank Limited(IndusInd), ICICI Bank Limited(ICICI)))

The company has taken the Term loan under consortium arrangement which is lead by UBI and has IndusInd and ICICI Bank as other members. Company has converted the Rupee Term loan into FCTL (Foreign Currency Term Loan).

The Primary Security for the loans are;

1) First Pari-passu charge by way of Hypothecation on entire current assets of the company (Present & Future) and
2) First Pari-passu charge by way of Hypothecation on entire fixed assets of the company (Present & Future)

The collateral Security for the loan are;

1) First Pari-passu charge on the, Industrial land admeasuring 5178.80 square yards along with building at plot no. 90/C, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of Swastik Coaters Pvt Ltd.
2) First Pari-passu charge on the, Industrial land admeasuring 5392 square yards along with building at plot no. 90/D, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of M/s Rouland Chemicals Pvt Ltd.
3) First Pari-passu charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Private Limited

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar.

The loan is secured by Corporate guarantee of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd

ii) Terms of Long Term Loan from Tata Capital Financial Services Limited

The company has taken the Equipment Finance Loan and it is outside the consortium arrangement and the same is used for buying of specific Plant & Machinery and these are secured by exclusive charge by way of Hypothecation of machinery purchased / to be purchased out of fund.

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar

iii) Terms of Compulsory convertible debentures/Optionally convertible debentures-DMI Finance Private Limited

DMI finance has subscribed to INR 180 million of CCDs and INR 420 million of OCDs issued in Jul'21/Aug'21 having a coupon rate of 10% (to be increased by 2% every quarter after 36 months subject to a maximum of 20%) and 14% p.a., respectively, for a tenure of 7 years (OCD redemption has a p principal moratorium of 36 months.

Azad is to provide IRR of 22% and 18% on CCDs and OCDs, respectively, on conversion to equity shares . Alternatively , redemption premium on OCDs range from IRR of 14% to 18% based on EBITDA during the tenure of OCDs. There are prepayment premiums of 25% and 18% on early redemption of OCDs before and after 2 years from issue, respectively.

Azad also has a put option on the CCDs exercisable in specified tranches over the 3rd to 5th year at an IRR of 18% or market value (whichever is higher)

51% of promoter shares is pledged along with non-disposable rights on remaining shares in favour of DMI. There is hard collateral to the tune of ' 1x
iv) Unsecured loan from related parties are interest free and are repayable on demand.

14 Short-term borrowings

	As at 31 March 2022
Secured	
Working Capital Loans (refer below note)	538.03
Current maturities of long term borrowings (refer note : 13)	208.24
	746.27

Details of terms and security in respect of the short-term borrowings:

The company has taken the Working Capital Loan under consortium arrangement which is lead by UBI and has IndusInd and ICICI Bank as other members. The company has taken PCFC (Packing Credit Foreign Currency) for funding of working capital requirement

The Primary Security for the loans are;
1) First Pari-passu charge by way of Hypothecation on entire current assets of the company (Present & Future) and

2) First Pari-passu charge by way of Hypothecation on entire fixed assets of the company (Present & Future)

The collateral Security for the loan are 1) First Pari-passu charge on the, Industrial land admeasuring 5178.80 square yards along with building at plot no. 90/C, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of Swastik Coaters Pvt Ltd. 2) First Pari-passu charge on the, Industrial land admeasuring 5392 square yards along with building at plot no. 90/D, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of M/s Rouland Chemicals Pvt Ltd. 3) First Pari-passu charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Private Limited.

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar.
The loan is secured by Corporate guarantee of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd

15 Trade payables

	As at 31 March 2022
Trade payables	
- Total outstanding dues of micro and small enterprises (refer note : 33)	32.50
- Total outstanding dues of creditors other than micro and small enterprises	392.95
	425.45

Trade payables are non-interest bearing and are normally settled in 30-90 days terms.

Trade payables ageing schedule as at 31 March 2022

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	10.46	22.04	-	-	-	32.50
(ii) Others	135.50	243.73	1.04	3.81	8.87	392.95
(iii) Disputed Dues - MSME		-	-	-	-	-
(iv) Disputed Dues - Others		-	-	-	-	-
(v) Unbilled dues		-	-	-	-	-
	145.96	**265.77**	**1.04**	**3.81**	**8.87**	**425.45**

16 Provisions

	As at 31 March 2022
Provision for employee benefits	
i. Provision for Gratuity (Refer Note 34)	
Non-Current	22.52
Current	2.02
ii. Provision for Compensated absences	
Non-Current	-
Current	0.33
Provision for expense	8.46
	33.33
Non-Current	22.52
Current	10.81

17 Deferred tax Liabilities (net)*

	As at 31 March 2022
On property, plant and equipment	129.22
On provision for employee benefits	(8.82)
On borrowings	(0.75)
On receivables credit impaired	(2.98)
On provision for others	(0.34)
	116.33

*Refer note: 37

18 Other Financial Liabilities

	As at 31 March 2022
Salaries payable	39.69
Interest accrued but not due on borrowings	4.02
Provision for bonus	11.60
Capital creditors	63.79
Others*	39.00
	158.10

* Includes payable amounting to Rs 39 Mn to preference share holders.

19 Other Current liabilities

	As at 31 March 2022
Statutory due payable	24.99
Advance from customers	19.90
Liability towards CSR	8.31
Others payables	0.75
	53.95

20 Current tax liabilities (net)

	As at 31 March 2022
Current tax payable	125.82
Current Tax Assets	
Advance tax including self assessment tax	(39.14)
TDS and TCS receivable	(2.50)
	84.18

21 Revenue from operations

	For the year ended 31 March 2022
Revenue from contracts with customers (Refer Note 38)	
Sale of products	1,171.39
Sale of services	682.09
Other Operating revenue	
- Scrap sales	78.38
- Export incentives	12.81
	1,944.67

22 Other income

	For the year ended 31 March 2022
Interest Income	
- On fixed deposits	7.75
- Financial assets at amortised cost	0.16
Liabilities no longer required written back	24.44
Gain on sale of investment in subsidiary	14.42
Miscellaneous income	1.19
	47.96

23 Cost of Materials Consumed

	For the year ended 31 March 2022
23(a) Opening Stock of Raw material	163.00
Add: Purchases	417.19
Less: Closing Stock of Raw material	(204.09)
	376.10

23(b) Changes in Inventories

	For the year ended 31 March 2022
Inventory at the beginning of the year	
Work in progress	106.30
Finished goods	25.62
	131.92
Inventory at the end of the year	
Work in progress	(280.10)
Finished goods	(20.30)
	(300.40)
	(168.48)

24 Employee benefits expense

	For the year ended 31 March 2022
Salaries, wages and bonus	429.77
Contribution to provident and other funds	14.65
Gratuity and compensated absences expenses (refer note no. 34)	5.49
Staff welfare expenses	12.80
	462.71

25 Finance costs

	For the year ended 31 March 2022
Interest on term loans	33.86
Interest on working capital	14.34
Interest on optionally & compulsorily convertible debentures	28.23
Exchange differences adjusted to borrowing costs	20.83
Bank charges	13.53
Interest on delay in payment of taxes	8.84
Other borrowing costs	16.53
	136.16

26 Depreciation expense

	For the year ended 31 March 2022
Depreciation of tangible assets (Refer Note 3)	133.14
	133.14

27 Other expenses

	For the year ended 31 March 2022
Stores and spares consumed	85.76
Job work charges	158.70
Tools	147.35
Repairs and maintenance :	
- Machinery	6.85
- Others	2.27
Transportation charges	55.84
Power and fuel	68.44
Inspection and testing	4.92
Sales commission	1.79
Business promotion	0.94
Communication, broadband and internet expenses	1.13
Insurance	5.54
Travelling and conveyance expenses	4.87
Rent	5.17
Rates and taxes	19.11
Loss on foreign exchange transactions and translations other than those considered as finance cost (net)	1.59
Professional & consultancy fees	28.81
Printing , stationary, postage and courier	0.64
Provision for CSR expenses(Refer Note ii below)	5.26
Auditors remuneration (Refer Note i below)	1.83
Security charges	10.27
Outsourced manpower cost	25.87
Provision for credit impaired trade receivable	2.37
Miscellaneous expenses	6.34
	651.66

Note (i) Payments to auditors:
The following is the breakup of Auditors remuneration (exclusive of indirect taxes)

Particulars	For the year ended 31 March 2022
As auditor	
- Statutory audit	1.83
Reimbursement of expenses	
Out of pocket expenses	-
	1.83

Note (ii) Details of Corporate social responsibility expenditure:

Particulars	For the year ended 31 March 2022
(i) Gross amount required to be spent by the Company during the year	5.26
(ii) Amount approved by the Board to be spent during the year	5.26
(iii) Amount spent during the period/year (in cash)	
- construction/ acquisition of any asset	-
- on purpose other than above	-
(iv) Shortfall / (Excess) at the end of the year	5.26
(v) Total of previous years shortfall	3.05
(vi) Details of related party transactions	-
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the period/year should be shown separately	-
Opening provision	3.05
Addition during the year	5.26
Utilisation	-
Closing provision	8.31

28 ***Additional information as required under Schedule III of the Companies Act, 2013 of entities consolidated as subsidiaries***

	As at 31 March 2022	
	Net Assets, i.e. total assets minus total liabilities	
	As % of Consolidated net assets	Amount
A. Parent Company		
Azad Engineering Limited	100.69%	1208.35
B. Subsidiaries incorporate in India		
Swastik Coaters Pvt Ltd	2.43%	29.11
Agen Metcast Pvt Ltd*	0.01%	0.10
Rouland Chemicals Pvt Ltd	0.03%	0.42
C. Consolidation adjustments	-3.16%	(37.91)
	100.00%	**1200.07**

*With effect from 18 June 2021 Agen Metcast Pvt Ltd ceased to be subsidiary of Azad Engineering Ltd due to complete sale of Investment in subsidiary.

	For the year ended 31 March 2022	
	Share in profit/(loss)	
	As % of Consolidated profit	Amount
A. Parent Company		
Azad Engineering Limited	100.02%	294.62
B. Subsidiaries incorporate in India	0.00%	
Swastik Coaters Pvt Ltd	0.03%	0.09
Rouland Chemicals Pvt Ltd	0.03%	0.10
C. Consolidation adjustments	-0.08%	(0.24)
	100.00%	**294.57**

*With effect from 18 June 2021 Agen Metcast Pvt Ltd ceased to be subsidiary of Azad Engineering Ltd due to complete sale of Investment in subsidiary.

	For the year ended 31 March 2022	
	Share in other comprehensive income	
	As % of Consolidated profit	Amount
A. Parent Company		
Azad Engineering Limited	100.00%	(3.42)
B. Subsidiaries incorporate in India		
Swastik Coaters Pvt Ltd	0.00%	-
Rouland Chemicals Pvt Ltd	0.00%	-
C. Consolidation adjustments	0.00%	-
	100.00%	**(3.42)**

*With effect from 18 June 2021 Agen Metcast Pvt Ltd ceased to be subsidiary of Azad Engineering Ltd due to complete sale of Investment in subsidiary.

29 Contingent liabilities and commitments

(a) Contingent Liabilities:

Particulars	As at 31 March 2022
Customs duty	71.83
Bank guarantees	0.50
Others	226.53

Customs Duty:

All the customs duty notices are pertaining to Advance authorisation/ EPCG authorisation received from DGFT (Director General of Foreign Trade) which were used to import our raw material and Plant and Machinery without payment of Custom Duty.
All advance authorisation is pending with Norms committee of DGFT for finalisation of Standard Input and Output Norms (SION). Once Norms is finalised for above advance authorisation, we will communicate to customs department for closure of above Notice.
All EPCG authorisation is in closure process with regional DGFT office at Hyderabad.

The Company has imported Raw Material and Capital Goods under Advance and EPCG authorization received from DGFT without payment of custom duty for which all export obligations have been fulfilled. The company has received intimation from Customs towards payment of duty amounting to Rs 71.83 Mn. However due to the norms which are pending for finalization by the authorities, the company has not accepted this claim.

Others:

The Company has placed an order with Hamuel Maschinenbau Gmbh & Co (Supplier) in June 2016 for supply of 14 machines and out of which 4 machines were delivered in Feb 2017. The company has found defect in machinery and requested the supplier to repair the machinery. Supplier has declined the request to repair.

With respect to above dispute with the supplier, an amount of Rs 226.53 Mn as at 31 March 2022 has been disclosed as a contingent liability. On the basis of the basis of management assessment, no provision would be required in relation to this disputed matter.

Further on 01 December 2022, the Company and supplier amicably settle the issue and agrees to pay Rs 228.91 Mn and supplier agrees to deliver 12 new HIWIN motors (type number 828342) for A-Axes for machine HSTM 150 S2 and 12 new HIWIN motors (Type number 825556) for C-Axes of machine HSTM 150 S2 free of cost. Also, supplier will deliver a permanent key for their Single Blade software free of charge.

Other disputes if any

'The Company based on its legal assessment does not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

(b) Capital Commitments

Particulars	As at 31 March 2022
Unexecuted capital orders to the extent not provided for	510.00

30 Related party disclosures

(a) Names of related parties and related party relationship

Name of the Related Party	Nature of Relationship
Key Managerial Persons:	Chairman and Chief Executing Officer– Rakesh Chopdar
	Whole Time Director – Jyoti Chopdar
	Whole Time Director - Vishnu Pramodkumar Malpani (w.e.f 13/09/2023)
	Company Secretary- Ful Kumar Gautam
	Chief Financial Officer - Ronak Jajoo (w.e.f 14/09/2023)
Relatives of KMPs	Relatives of KMPs - Kartik Chopdar
	Relatives of KMPs - Satwik Chopdar
Entities over which KMPs/ directors and/ or their relatives are able exercise significant influence	Forgen Power Parts Private Limited
	Azad Synergies Private Limited (upto 30/09/2022)
	Radhe Creations Private Limited
	Atlas Fasteners
	Azad F&B Private Limited (w.e.f - 28/12/2022)
	OHGO Engineering Private Limited w.e.f - 19/09/2012 (formerly known as Ohri Industries Private Limited)
	Agen Metcast Private Limited (w.e.f 18/06/2021 till 06/01/2023)
	Agrima Logi Park

(b) Transactions with KMP's/directors and their relatives

Particulars	For the year ended 31 March 2022
KMPs Remuneration:	**61.75**
Rakesh Chopdar	41.12
Jyoti Chopdar	13.87
Ful Kumar Gautam	1.21
Vishnu Pramodkumar Malpani	4.22
Ronak Jajoo	1.33
KMPs Relatives Remuneration:	**3.92**
Kartik Chopdar	3.92
Loan taken/(repaid) from/to related parties (Included in long term borrowings)	**(9.26)**
Rakesh Chopdar	(4.46)
Jyoti Chopdar	(4.80)
Advances given to employees	**3.00**
Vishnu Pramodkumar Malpani	1.00
Ronak Jajoo	1.00
Ful Kumar Gautham	1.00

(c) Balances with KMP's/directors and their relatives

Particulars	As at 31 March 2022
Loan from related parties(Included in long term borrowings)	**6.66**
Jyoti Chopdar	6.66
Other current financial liabilities (Salaries payable)	**3.49**
Jyoti Chopdar	3.35
Kartik Chopdar	0.14
Advances to employees (Included in other current assets)	**3.15**
Kartik Chopdar	0.15
Vishnu Pramodkumar Malpani	1.00
Ronak Jajoo	1.00
Ful Kumar Gautham	1.00

(d) Transactions with entities over which KMPs/ directors and/or their relatives are able to exercise significant influence

Particulars	For the year ended 31 March 2022
Rental Income (Included in other income)	**0.08**
Atlas Fasteners	0.08
Sale of goods or services	**0.03**
Atlas Fasteners	0.03
Other deposits & Advances (Included in other current assets)	**0.50**
Agen Metcast Pvt Ltd	0.50

(e) Balances with entities over which KMP's/directors and/or their relatives are able to exercise significant influence

Particulars	As at 31 March 2022
Loan from related party (Included in long term borrowings)	**2.02**
Forgen Power Parts Private Limited	2.00
Ashok Gentyala	0.02
Other Non current financial assets	**4.32**
Forgen Power Parts Private Limited (Electricity Deposit)	2.32
Forgen Power Parts Private Limited (Security deposits)	2.00
Other deposits & Advances (Included in other current assets)	**9.30**
Agen Metcast Pvt Ltd.	9.30
Trade receivables	**1.17**
Atlas fasteners	1.17
Trade payables	**0.43**
Atlas fasteners	0.43

31 Earnings per share (EPS)

Basic earnings per share amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share amounts is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	As at 31 March 2022
Earnings	
Profit after tax for the year attributable to equity shareholders	294.57
Add: Fair value adjustments towards compulsorily convertible debentures*	11.53
Profit for the years considered for calculation of diluted earnings per share	306.10
Shares	
Original Number of Equity Shares (post share split) #	75,66,000
Add : Impact of Bonus Issue #	3,78,30,000
Weighted Average Number of Equity Shares	
For calculating Basic EPS	4,53,96,000
Effect of dilution:	
- On account of Compulsorily Convertible Debentures*	8,13,510
Weighted average number of equity shares for Diluted EPS	4,62,09,510
Earnings Per Share	
Face Value Rs. 2 per share	
Basic (Rs.)	6.49
Diluted* (Rs.)	6.49

* Compulsorily convertible debentures are considered to be potential equity shares. They have not been included in the determination of diluted earnings per share during financial year ended 31 March 2022 as these were considered anti-dilutive

Shareholders have approved the below at Extra-ordinary general meeting held on 12 September 2023: (refer note 40)
a. Share split of one equity share having face value of Rs. 10 each into 5 shares of Rs. 2 each and
b. Issue of fully paid bonus shares of Rs.2 each in proportion of five equity shares for every one existing equity share.
Accordingly, as an adjusting event, the earnings per share has been adjusted for subdivision of shares and bonus shares for the current and previous years presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

32 Segment Reporting

The Managing Director of the Company takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and OEM components, have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the Restated consolidated financial information. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

a. Geographical Segment information:

Revenue from Customers	For the year ended 31 March 2022
With in India	426.50
Outside India	1,518.17
Total	**1,944.67**

b. The company has entire non-current assets within India. Hence, separate figures have not been furnished.

c. Revenue from Major Customers

The Company earns revenue from few of its major customers which individually amount to 10 % or more of the company's revenues. Details of such customers. Details of such customers(i.e. the total amount of revenues from each sech customer) are disclosed below:

Revenue from Customers	For the year ended 31 March 2022
Customer-1	423.85
Total	**423.85**

33 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

The amount due to Micro and Small Enterprises as defined in the 'The 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. The disclosures relating to Micro, Small and Medium Enterprises are as under:

	As at 31 March 2022
The amounts remaining unpaid to micro and small supplies as at end of the year	
i) Principal amount remaining unpaid to supplier at the end of the year	32.50
ii) Interest due thereon remaining unpaid to supplier at the end of the year	-
iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-
iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-
v) Interest paid to suppliers under MSMED Act (Section 16)	-
vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-
vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-

34. Employee benefits

a) Defined Contribution Plan

Provident Fund:

Contributions were made to provident fund and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation.

b) Defined Benefit Plan

Gratuity:

The Company provides Gratuity for employees in India as per the Payment of Gratuity Act, 1972. All employees are entitled to gratuity benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation.

This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The present value of the defined benefit obligation and the relevant current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

c) i) Defined Contribution Plan

Contribution towards employee provident fund and Others, which is a defined contribution plan for the year 31 March 2022 aggregated to Rs. 14.65 Mn.

ii) Defined Benefit Plan

Contribution towards Gratuity for the year 31 March 2022 aggregated to Rs 5.49 Mn.

d) Amounts recognised in the Financial statements as at period/year end for Gratuity provision are as under:

		As at 31 March 2022
i)	**Change in Present Value of Obligation**	
	Present value of the obligation at the beginning of the year	15.41
	Current Service Cost	4.47
	Interest Cost	1.03
	Actuarial (Gain)/Loss on Obligation- Due to Change in Financial Assumptions	3.57
	Actuarial (Gain) / Loss on Obligation- Due to Change in Demographic Assumptions	-
	Actuarial (Gain) / Loss on Obligation- Due to Experience Adjustments	1.26
	Benefits Paid	(1.20)
	Present value of the obligation at the end of the year	**24.54**
ii)	**Bifurcation of present value of Benefit obligation**	
	Current- Amount due within one year	2.02
	Non-current- Amount due after one year	22.52
	Total	**24.54**
iii)	**Expected benefit payments in future years**	
	Year 1	2.02
	Year 2	1.35
	Year 3	1.51
	Year 4	1.83
	Year 5	2.07
	Year 6 to Year 10	9.78
iv)	**Sensitivity Analysis**	
	Discount Rate - 1 percent increase	22.25
	Discount Rate - 1 percent decrease	27.23
	Salary Escalation Rate - 1 percent increase	27.14
	Salary Escalation Rate - 1 percent decrease	22.27
v)	**Amounts Recognised in the Balance sheet:**	
	Present value of Obligation at the end of the year	24.54
	Fair value of Plan Assets at the end of the year	-
	Net Liability recognised in the Balance Sheet	**24.54**
vi)	**Amounts Recognised in the Statement of Profit and Loss:**	
	Current Service Cost	4.46
	Net interest on net Defined Liability / (Asset)	1.03
	Expenses recognised in Statement of Profit and Loss	**5.49**
vii)	**Recognised in other comprehensive income for the year**	
	Actuarial Gains / (Losses) on Liability	(4.83)
	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset) above	-
	Recognised in other comprehensive income	**(4.83)**
viii)	**Actuarial Assumptions**	
	i) Discount Rate Based on yields (as on valuation date) of Government Bonds with a tenure similar to the expected working lifetime of the employees	7.32%
	ii) Salary Escalation Rate based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the Company.	5.00%
	iii) Retirement Age	58 years
	iv) Attrition Rate	5%
	v) Mortality rate	IALM(2012-14) Ult.

35 Financial instruments

A. Financial instruments by category			As at 31 March 2022
	Note No.	Fair value level	Amortized Cost
Financial assets			
Non current			
- Other financial assets	5	Level 2	31.15
Current			
(i) Trade receivables	8	Level 2	746.31
(ii) Cash and cash equivalents	9	Level 2	44.25
(iii) Bank balances other than (ii) above	9	Level 2	132.48
Total financial assets			**954.19**
Financial liabilities			
Non current			
(i) Borrowings	13	Level 2	1,225.53
Current			
(i) Borrowings	14	Level 2	746.27
(ii) Trade payables	15	Level 2	425.45
(iii) Other financial liabilities	18	Level 2	158.10
Total financial liabilities			**2,555.35**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost.

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfers among level 1, level 2 and Level 3 during the year

B. Financial risk management

The Group activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, security deposits and bank deposits.	Ageing analysis. Credit score of customers/ entities.	Monitoring the credit limits of customers and obtaining security deposits.
Liquidity risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits.

The Company risk management is carried out by the Senior Management under policies approved by the Board of Directors. The Board of Directors provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

Risk management framework

The board of directors have overall responsibility for the risk management framework. The board of directors are responsible for developing and monitoring the risk management policies. The board of directors monitors the compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A. Credit risk

i. Credit risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the group's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The group limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The group does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The group also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The group does not foresee any credit risks on deposits with regulatory authorities.

ii. Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Particulars	For the year ended 31 March 2022
Revenue from Top Customer	423.85
Revenue from Top 5 customers(Other than above customer)	642.22
One customer accounted for more than 21.94% of the revenue for the year 31 March 2022	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Allowance for bad and doubtful debts	As at 31 March 2022
Opening balance	7.89
Credit loss added	2.36
Written off during the year	-
Reversal during the year	-
Closing balance	**10.25**

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities:

As at 31 March 2022

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	1,225.53	-	1,225.53	-	1,225.53
Short-term borrowings	746.27	746.27	-	-	746.27
Trade payables	425.45	425.45	-	-	425.45
Other financial liabilities	158.10	158.10	-	-	158.10
Total	**2,555.35**	**1,329.82**	**1,225.53**	**-**	**2,555.35**

The Company has secured loans from bank that contain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table.

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to Interest rate risk

	As at 31 March 2022
Variable rate borrowings	1,339.30
Fixed rate borrowings	623.84

Interest rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	For the year ended 31 March 2022
Sensitivity	
1% increase in variable rate	(13.39)
1% decrease in variable rate	13.39

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity to a reasonably possible change in the USD/EUR exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Amount in USD	Equivalent amount in INR for USD	Amount in EURO	Equivalent amount in INR for EURO	Amount in Others	Equivalent amount in INR for JPY
31 March 2022						
Trade Receivable	5.77	437.63	1.66	140.46	-	-
Trade Payable including capital creditors	0.04	3.36	0.14	11.53	0.01	0.82
Borrowings	10.56	800.76	1.41	119.46	-	-

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The group's exposure to foreign currency changes for all other currencies is not material.

31 March 2022

Particulars	Currency	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
	USD	(18.32)	18.32	(12.99)	12.99
	EURO	0.47	(0.47)	0.34	(0.34)
	JPY	(0.04)	0.04	(0.03)	0.03

36 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to equity shareholders.

For the purpose of the group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the group's capital management is to maximize the shareholder value and to ensure the group's ability to continue as a going concern.

The group has not distributed any dividend to its shareholders. The group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Compulsory Convertible Debentures and current borrowing from banks and financial institutions. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at 31 March 2022
Total Debt (Refer note 13 and 14)	1,971.80
Less : cash and cash equivalents and bank balances	176.73
Adjusted net debt	1,795.07
Total equity	**1,200.07**
Gearing Ratio	**0.60**

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2022.

37 Income Taxes

Components of Income Tax Expense

		For the year ended 31 March 2022
Tax expense recognised in the Statement of Profit and Loss		
A. Current Tax		
Current year		86.68
	Total (A)	**86.68**
B. Deferred Tax		
Origination and reversal of temporary differences		20.09
	Total (B)	**20.09**
	Total (A+B)	**106.77**
C. Tax on Other Comprehensive Income		
Deferred tax		
Origination and reversal of temporary differences - OCI		1.41
	Total	**1.41**

Current tax (assets)/ liabilities (net)

	As at 31 March 2022
D. Advance tax Including TDS receivable and Self assessment tax paid	(41.64)
E. Provision for tax	125.82
	84.18

F. Reconciliation of tax expense and the Accounting Profit

	For the year ended 31 March 2022
Profit before income taxes	401.34
Indian statutory income tax rate	29.12%
	117.00
Expected Income Tax Expense	
Tax effect of expenditure disallowed under income tax	(5.73)
Others	(4.50)
Total income tax expense	**106.77**

Movement during the year ended 31 March 2022	As at 01 April 2021	(Credit)/charge in the Statement of Profit and Loss	(Credit)/charge in OCI	As at 31 March 2022
Deferred tax (assets)/liabilities				
Depreciation/amortisation of Property, plant and equipment	106.01	23.21	-	129.22
Provision for employee benefits	(4.66)	(2.75)	(1.41)	(8.82)
Provision for doubtful receivables	(2.30)	(0.68)	-	(2.98)
Borrowings	(1.40)	0.65	-	(0.75)
Others	-	(0.34)	-	(0.34)
Total	**97.65**	**20.09**	**(1.41)**	**116.33**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

38 Revenue from operations

Revenue from contract with customers

Particulars	For the year ended 31 March 2022
Income from Sale of products	1,171.39
Income from Sale of services	682.09
Income from - Scrap sales	78.38
Income from - Export incentives	12.81
	1,944.67

Disaggregated revenue information

Geographic Revenue	
Revenue from contract with customers	
With in India	426.50
Outside India	1,518.17
	1,944.67

Timing of revenue recognition	
Services transferred at a point of time	682.09
Goods transferred at a point of time	1,262.58
Total revenue from contracts with customers	**1,944.67**

Reconciliation of revenue recognised with the contracted price is as follows:	
Contract price	1,944.67
Less: Discounts and disallowances	-
Total revenue from contracts with customers	**1,944.67**

Contract balances

Particulars	**As at 31 March 2022**
Trade receivables (Refer Note 8)	746.31

Performance obligation:

Sale of products:

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sales of services:

The performance obligation in respect of Job work services is satisfied at point of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of the job work and acceptance of the customer.

39 The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

40 Subsequent Events

i The Company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 14 July 2023 and consequently the name of the Company has changed to "Azad Engineering Limited" pursuant to a fresh certificate of incorporation issued by ROC on 05 September 2023

ii Pursuant to resolution passed by our Board and Shareholders dated 11 September 2023 and 12 September 2023, respectively, each equity shares of face value of Rs 10 each of our Company has been split into five Equity Shares of face value of Rs 2 each. Accordingly, the issued, subscribed and paid up capital of our Company has been sub-divided from 1,651,826 equity shares of face value of Rs 10 each to 8,259,130 Equity Shares of face value of Rs 2 each.

iii Company has allotted 41,295,650 equity shares of Rs.2 each as bonus shares in proportion of 5 new bonus equity shares of Rs 2 each for every one equity share of Rs 2 each. This has been approved by Board and Shareholders on 11 September 2023 and 12 September 2023, respectively

iv The Company vide its board and share holder meeting dated 14 September 2023 and 15 September 2024 has approved the transfer of the share holding in subsidiaries to Mr. Rakesh Chopdar. Consequently the management is in the process of transfer of 13,150 equity shares and 50,350 equity shares of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities respectively

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a. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

c The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d The Group have not traded or invested in Crypto currency or Virtual currency during the financial year.

e The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

f The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

g The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

h The Group does not have any borrowings from banks and financial institutions that are used for any other purpose other than the specific purpose for which it was taken at the reporting balance sheet date.

i The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

j The Group is not declared as a wilful defaulter by any bank or financial institution or other lender during the any reporting period.

k There are no scheme of arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the reporting.

l The Group has neither declared nor paid any dividend during the reporting period.

m **Title deeds of Immovable Properties not held in name of the Group**
The title deeds of all the immovable properties (other than properties where the group is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 3 & 4 to the financial statements, are held in the name of the group.

n The group has not revalued its property, plant and equipment during the reporting period

42 The Code on Social Security 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the certain provisions of the Code will come into effect and the rules thereunder has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

As per our report attached

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad
Date: 22 September 2023

For Laxminiwas &Co.,
Chartered Accountants
ICAI Firm registration number: 011168S

Vijay Singh
Partner
Membership No: 221671

Place: Hyderabad
Date: 22 September 2023

For and on behalf of the Board of Directors of
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)
(CIN : U74210TG1983PLC004132)

Rakesh Chopdar
Chairman and CEO
DIN: 01795599

Jyoti Chopdar
Whole time director
DIN : 03132157

Ronak Jajoo
Chief Financial Officer

Ful Kumar Gautam
Company Secretary
M No: A49550

Place: Hyderabad
Date: 22 September 2023

Place: Hyderabad
Date: 22 September 2023

M S K A & Associates
Chartered Accountants
1101/B, 11th Floor,
Manjeera Trinity Corporate,
JNTU - Hitec City Road,
Kukatpally, Hyderabad
Telangana - 500072

Laxminiwas & Co
Chartered Accountants
6-3-569/1,4th Floor,
Above BMW Showroom,
Opp.RTA office,
Khairatabad, Hyderabad
Telangana - 500082

INDEPENDENT AUDITOR'S REPORT
To the Members of Azad Engineering Private Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Azad Engineering Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and Other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, of its Consolidated profit, and Consolidated Cash Flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally

accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company and its subsidiary companies which are incorporated in India have adequate internal financial control system and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

a. We, MSKA & Associates, did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs.368 lakhs as at March 31, 2022, total revenues of Rs.2.40 lakhs and net cash flows amounting to Rs.0.99 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited solely by the other joint auditor, M/s Laxminiwas & Co, whose reports have been furnished to us by the Management and our opinion on these consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) and sub-section (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other Joint auditor.

   MSKA & Associates opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other joint auditor. Further the Consolidated financial statements of the Company for the year ended March 31, 2021, were audited by Joint auditor. The said auditor had qualified his report dated 29th September, 2022 with respect to Corporate Social Responsibility requirements.

b. As at March 31,2022, the company has accumulated unspent amount of Rs. 83.12 lakhs pertaining to Corporate Social Responsibility(CSR). The Holding company has transferred the funds to specific CSR account and plans to spend the amount on the identified ongoing projects. (Refer note 48)

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of subsidiaries, as noted in the 'other matters' paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies which are incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A" which is based on the auditor's report of the Holding company and its subsidiary companies incorporated in India. Our reports expresses an Unmodified opinion on the adequacy and operating effectiveness of the internal financial controls, for the reasons stated therein. In the audit reports of subsidiaries, it is mentioned that the reporting under section 143(3)(i) is not applicable as the subsidiaries are Private Limited Companies as defined under section 2(68) of the Act and covered under the criteria specified in the Notification G.S.R..583(E) dated June 13, 2017 as amended from time to time by Ministry of Corporate Affairs and complies with conditions specified therein.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the "Other Matters" paragraph

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 29 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March, 2022.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31st March, 2022.

iv.

(1) The Management has represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or any of such subsidiaries incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The Management has represented to us that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding parties") with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(3) Based on such audit procedures considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv)(1) and (iv)(2), contain any material misstatement.

v. The company has neither declared nor paid any dividend during the year.

2. In our opinion, according to the information and explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Holding Company or its subsidiary companies incorporated in India as they are private companies.

3. According to the information and explanations given to us and based on the CARO reports issued by us for the Company and on consideration of CARO reports by statutory auditors of subsidiaries included in the consolidated financial statements of the Company to which reporting under CARO is applicable, we report that there are no Qualifications/adverse remarks.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No.205226
UDIN: 22205226BGKHKZ6744

Place: Hyderabad
Date: December 29,2022

For Laxminiwas & Co.
Chartered Accountants
ICAI Firm Registration No.011168S

Vijay Singh
Partner
Membership No.221671
UDIN: 22221671BGKDGX8312

Place: Hyderabad
Date: December 29,2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AZAD ENGINEERING PRIVATE LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Azad Engineering Private Limited on the consolidated Financial Statements for the year ended 31 March 2022]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Azad Engineering Private Limited ("the Holding company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, which are companies incorporated in India, under the Act, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with

generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding Audit reports of the other Joint auditor of such companies.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No.205226
UDIN: 22205226BGKHMZ5708

Place: Hyderabad
Date: December 29,2022

For Laxminiwas & Co.
Chartered Accountants
ICAI Firm Registration No.011168S

Vijay Singh
Partner
Membership No.221671
UDIN: 22221671BGKDGX8312

Place: Hyderabad
Date: December 29,2022

AZAD ENGINEERING PRIVATE LIMITED

Consolidated Balance Sheet as at 31st March,2022

Particulars	Note No.	As at 31st March 2022 (in Lakhs)	As at 31st March 2021 (in Lakhs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	151.32	541.32
Reserves and Surplus	4	12,392.89	9,449.40
Minority Interest		1.10	1.08
NON-CURRENT LIABILITIES			
Long-Term Borrowings	5	12,228.39	3,757.08
Deferred Tax Liabilities(Net)	6	853.56	686.63
Long-Term Provisions	7	225.17	162.79
CURRENT LIABILITIES			
Short-Term Borrowings	8	5,380.21	2,988.99
Trade Payables	9	4,889.95	4,193.85
Other Current Liabilities	10	3,743.82	3,795.96
Short-Term Provisions	11	803.60	391.06
TOTAL		40,670.01	25,968.16
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	16,091.50	11,775.10
Capital Work In Progress		381.80	-
Goodwill on Consolidation		332.56	381.49
Long-Tem Loans & Advances	13	5,938.44	888.91
Other Non-Current Assets	14	1,104.52	762.41
CURRENT ASSETS			
Inventories	15	5,417.82	2,949.20
Trade Receivables	16	7,565.60	5,336.37
Cash and Bank Balances	17	1,766.58	2,040.45
Short-Term Loans and Advances	18	1,158.55	335.63
Other Current Assets	19	912.64	1,498.60
TOTAL		40,670.01	25,968.16
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements
As per our report of even date

For M S K A & Associates Chartered Accountants Firm Registration No.:105047W	For Laxminiwas & Co. Chartered Accountants Firm Registration No.:011168S	For and on behalf of the Board of Directors of Azad Engineering Private Limited CIN:U74210TG1983PTC004132		
Ananthakrishnan Govindan Partner Membership No:205226 UDIN:22205226BGKHMZ5708	Vijay Singh Partner Membership No:221671 UDIN:22221671BGKDGX8312	Rakesh Chopdar Director DIN:01795599	Jyoti Chopdar Director DIN:03132157	Ful Kumar Gautam Company Secretary M.no:BBBPG5135K
Place:Hyderabad Date: 29-12-2022	Place:Hyderabad Date: 29-12-2022	Place: Hyderabad Date: 29-12-2022	Place: Hyderabad Date: 29-12-2022	Place: Hyderabad Date: 29-12-2022

AZAD ENGINEERING PRIVATE LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March, 2022

Particulars	Note No.	For the year ended 31st March 2022 (in Lakhs)	For the year ended 31st March 2021 (in Lakhs)
INCOME			
Revenue from Operations	20	19,318.66	12,079.25
Other Income	21	606.03	417.61
TOTAL INCOME		19,924.69	12,496.86
EXPENSES			
Cost of Materials Consumed	22	3,761.03	2,220.07
Changes in inventories	23	(1,695.70)	(839.09)
Employee Benefit Expenses	24	4,718.96	3,180.85
Finance Costs	25	1,268.72	488.91
Depreciation and Amortisation	26	1,331.38	887.35
Other Expenses	27	6,563.03	4,672.19
TOTAL EXPENSES		15,947.42	10,610.28
PROFIT BEFORE TAX		3,977.27	1,886.58
TAX EXPENSE			
Current Tax		866.83	414.93
Deferred Tax		166.93	132.32
PROFIT FOR THE YEAR		2,943.51	1,339.33
Minority Interest loss/(gain)		(0.02)	0.02
PROFIT FOR THE YEAR		2,943.49	1,339.35
EARNING PER EQUITY SHARE (FACE VALUE ₹10/- PER SHARE)			
Basic	33	194.52	88.51
Diluted		192.60	88.51

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No:205226
UDIN:22205226BGKHMZ5708

Place:Hyderabad
Date: 29-12-2022

For Laxminiwas & Co.
Chartered Accountants
Firm Registration No.:011168S

Vijay Singh
Partner
Membership No:221671
UDIN:22221671BGKDGX8312

Place:Hyderabad
Date: 29-12-2022

For and on behalf of the Board of Directors of
Azad Engineering Private Limited
CIN:U74210TG1983PTC004132

Rakesh Chopdar
Director
DIN:01795599

Place: Hyderabad
Date: 29-12-2022

Jyoti Chopdar
Director
DIN:03132157

Place: Hyderabad
Date: 29-12-2022

Ful Kumar Gautam
Company Secretary
M.no:BBBPG5135K

Place: Hyderabad
Date: 29-12-2022

AZAD ENGINEERING PRIVATE LIMITED

Consolidated Cash Flow Statement for the year ended 31st March, 2022

Particulars	For the year Ended 31st March 2022 (in Lakhs)	For the year Ended 31st March 2021 (in Lakhs)
I. Cash Flow From Operating Activities		
Net Profit before tax	3,977.27	1,886.58
Add: Adjustments for		
Depreciation	1,331.38	887.35
Interest Income	(76.49)	(60.91)
Foreign Exchange Fluctuations	18.15	(109.56)
Loss / (Profit) on Sale of Asset	-	(1.65)
Finance Costs	1,268.72	488.91
Less:Adjustments for		
Prior Period	-	282.97
Operating Profit before working capital changes	6,519.03	2,807.75
Changes in Working Capital		
Increase in Inventories	(2,468.62)	(1,295.73)
Increase in Trade Receivables	(2,229.23)	(1,231.94)
Increase in Loans & Advances	(774.00)	(109.21)
Increase in Trade Payables	696.10	(350.71)
Decrease in Other Current Assets	585.96	1,275.54
Decrease in Other Current Liabilities	(438.52)	2,275.17
Increase in Short term Provisions	412.56	203.60
Increase Other Long term Provisions	62.39	159.69
Advances given	(5,049.52)	2.50
Increase in Non-Current assets	(342.12)	(762.41)
Cash Generated from/(Used in) Operations	(3,026.01)	2,974.25
Income Tax Paid	866.83	414.93
Net Cash Generated from/(Used in) Operating Activities - I	(3,892.85)	2,559.32
II. Cash Flow From Investing Activities:		
Purchase of Property,Plant & Equipment including Capital Work In Progress	(6,034.16)	(2,159.16)
Proceeds from Sale of Fixed Assets	-	73.50
Proceeds from Sale of Investment	1.00	-
Interest Income	76.49	60.91
Net Cash Generated from/(Used in) Investing Activities - II	(5,956.67)	(2,024.75)
III. Cash Flow From Financing Activities		
Increase in Secured Loans	10,862.52	1,076.13
Foreign Exchange Fluctuations	(18.15)	109.56
Finance Costs	(1,268.72)	(488.91)
Net Cash Generated from/(Used in) Financing Activities - III	9,575.65	696.78
Net Increase /(decrease) in cash & cash equivalents (I+II+III)	(273.87)	1,231.35
Cash & Cash Equivalents at the beginning of the year	2,040.45	809.10
Cash & Cash Equivalents at the end of the year	1,766.58	2,040.45

The accompanying notes form an integral part of the financial statements
As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No:205226
UDIN:22205226BGKHMZ5708

Place:Hyderabad
Date: 29-12-2022

For Laxminiwas & Co.
Chartered Accountants
Firm Registration No.:011168S

Vijay Singh
Partner
Membership No:221671
UDIN:22221671BGKDGX8312

Place:Hyderabad
Date: 29-12-2022

For and on behalf of the Board of Directors of
Azad Engineering Private Limited
CIN:U74210TG1983PTC004132

Rakesh Chopdar
Director
DIN:01795599

Place: Hyderabad
Date: 29-12-2022

Jyoti Chopdar
Director
DIN:03132157

Place: Hyderabad
Date: 29-12-2022

Ful Kumar Gautam
Company Secretary
M.no:BBBPG5135K

Place: Hyderabad
Date: 29-12-2022

1. Corporate Information

The Consolidated financial statements comprise financial statements of **Azad Engineering Private Limited** ("The Holding Company" or "The Company") and its two Subsidiaries viz., Swastik Coaters Private Limited and Rouland Chemicals Private Limited (collectively referred as the "Group") which are incorporated in India. The registered office of the Company is located at 90/C,90/D, Phase 1, I.D.A, Jeedimetla, Hyderabad-500055.

The Company is into manufacturing of precision forged and machined components for turbines and aerospace as required by power generation and aerospace OEMs, with its manufacturing unit in Hyderabad.The Company manufactures all types of blades for both radial & axial flow.

Swastik Coaters Private Limited ("Swastik") is established to manufacture, process, bleach, mercerise, dye, print, back fill, embose, give finish to cotton, silk, jute, synthetic textiles, goods made by mill, powerloom, handloom and various other textiles, textile goods, spinners and weavers.

Rouland Chemicals Private Limited ("Rouland") is a manufacturer, dealer, agent, importer and exporter of agro chemicals, fertilizers, general chemicals and allied products.

2. Summary of significant accounting policies

a) Basis of preparation of Consolidated Financial Statements:

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These consolidated financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2014 as amended, specified under Section 133 and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III (Division-I) to the Companies Act, 2013. Based on the nature of products manufactured and services rendered and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities. The consolidated financial statements are presented in Indian rupees in lakhs.

b) Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from these estimates.

c) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standard (AS) – 21, "Consolidated Financial Statements". The Consolidated Financial Statements are prepared by applying uniform accounting policies in use at the Group.

The excess/deficit of cost to the Group of its investment over its portion of net worth in the consolidated entities at the respective dates, on which the investment in such entities was made, is recognised in the CFS as Goodwill/Capital reserve.

Minority Interest in the net assets of Subsidiaries consists of:

i. The amount of equity attributable to the minorities at the date on which investment in Subsidiary is made
ii. The minorities' share of movements in equity since the date the parent –subsidiary relationship came into existence

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

e) Property Plant and Equipment and Intangible Assets

A. **Tangible Assets:**

Tangible Assets, capital work in progress are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress.

B. **Intangible Assets:**

An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets. Subsequent expenditure relating to intangible assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

f) Depreciation

Depreciation on Property, Plant and equipment is provided on straight line Method in accordance with the rates and in the manner provided in the schedule II to the Companies Act, 2013 Depreciation on addition to tangible assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale/discard of tangible assets is provided for upto the date of sale, deduction or discard of tangible assets as the case may be. The Group has adopted Schedule II to the Companies Act, 2013 which requires identification and determination of separate useful life for each major component of the property, plant and equipment, if they have useful life that is materially different from that of the remaining asset.

Particulars	Year ended March 31, 2022 (Useful life in years)	Year ended March 31, 2021 (Useful life in years)
Computer & Data processing units	3	3
Electrical Fittings	10	10
Furniture & fixtures	10	10
Servers & Networks	6	6
Plant & Machinery	15	15
Factory Buildings	30	30
Office equipment	5	5
Motor Vehicles	8	8

g) Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments. Such reduction if any is determined and made for each investment individually. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Consolidated Statement of Profit and Loss.

h) Inventories

Inventories are stated at lower of cost and net realizable value. However, these items are considered to be realizable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on the weighted average basis. The cost of raw materials, stores and spares and other consumables comprises cost of material and includes all applicable costs incurred in bringing goods to their present location and condition.

Work in progress and manufactured finished goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, Cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

i) Revenue Recognition

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods & services excluding taxes, discounts and corresponding foreign exchange gain/loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Rental income is recognized in the Statement of Profit and Loss as per the terms of contract over the lease term.

Income from duty drawback is recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

j) **Taxation**

Tax expense comprises of current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts, and there is an intention to settle the asset and the liability on a net basis.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. At each reporting date, the Group reassesses the unrecognized deferred tax assets, if any.

k) **Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized as expenditure in the period in which they are incurred.

l) **Foreign currency translation**

The functional currency and presentation currency of the Group is Indian Rupee.

Initial recognition:

Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

Exchange differences:

Exchange differences arising on the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognized as income or as expenses in the year in which they occur.

m) **Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

n) **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year unless they have been issued at a later date. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

3. Share Capital

Particulars	As at 31st March 2022		As at 31st March 2021	
	Number	(in lakhs)	Number	
Authorised				
16,00,000 Equity shares of Rs.10 each	16,00,000	160.00	16,00,000	160.00
8,40,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each	8,40,000	840.00	8,40,000	840.00
Equity Share Capital	**16,00,000**	**160.00**	**16,00,000**	**160.00**
8% Non-Cumulative Redeemable Preference Shares	**8,40,000**	**840.00**	**8,40,000**	**840.00**
Issued, Subscribed and fully Paid up Capital				
Equity Share Capital				
15,13,200 Equity shares of Rs.10 each	15,13,200	151.32	15,13,200	151.32
Preference Share Capital				
Nil (previous year: 3,90,000) 8% Non-Cumulative Redeemable Preference Shares of Rs. 100 each	-	-	3,90,000	390.00
	15,13,200	**151.32**	**19,03,200**	**541.32**

The reconciliation of the number of equity shares & Non- Cumulative Reedeemable Preference Shares outstanding is set out below:

Particulars	As at 31st March 2022		As at 31st March 2021	
	Number	(in lakhs)	Number	(in lakhs)
Equity Shares outstanding at the beginning of the year	15,13,200	151.32	15,13,200	151.32
Non- Cumulative Redeemable Preference Shares outstanding at the beginning of the year	3,90,000	390.00	3,90,000	390.00
Non- Cumulative Redeemable Preference Shares redeemed at par value during the year*	(3,90,000)	(390.00)	-	-
Equity Shares outstanding at the end of the year	**15,13,200**	**151.32**	**15,13,200**	**151.32**
Non- Cumulative Redeemable Preference Shares outstanding at the end of the year	-	-	**3,90,000**	**390.00**

*Preference Shares were redeemed vide Board Resolution dated 1st July 2021

As at the end of 31st March 2022, the Company has only one class of shares, i.e., equity shares having a face value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31st March, 2022 no dividend is declared by Board of Directors.

The details of shareholder holding more than 5% shares is set out below:

Name of Shareholder	As at 31st March 2022		As at 31st March 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Rakesh Chopdar	15,06,800	99.58	15,06,800	99.58
8% Non-cumulative Redeemable Preference Shares				
Shreesay Realtors (Pvt) Limited	-	-	1,00,000	25.64
A & A Capital Services (Pvt) Limited	-	-	50,000	12.82
Jahangirabad Finance Co (Pvt) Limited	-	-	1,50,000	38.46
Sigtia Constructions (Pvt) Limited	-	-	35,000	8.97
Golden Beach Infracon (Pvt) Limited	-	-	55,000	14.10

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Details of Shares held by Promoters at the end of the year

Details of Shares held by Promoters at the end of the year	As at 31st March2022			As at 31st March2021		
Promoter name	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Rakesh Chopdar	15,06,800	99.58	-	15,06,800	99.58	-
Jyoti Chopdar	4,800	0.31	-	4,800	0.31	-
Shakuntala Chopdar	1,600	0.11	-	1,600	0.11	-
Total	15,13,200	100.00	-	15,13,200	100.00	-

4. Reserves & Surplus

Particulars	As at 31st March 2022 (in lakhs)	As at 31st March 2021 (in lakhs)
A. Securities Premium Reserve		
Opening Balance	29.70	29.70
Add : Created during the year	-	-
Less : Premium utilized	-	-
Closing balance (A)	29.70	29.70
B. Surplus in Statement of Profit & Loss Account		
Opening Balance	9,419.70	8,363.32
Add: Net Profit/(Net Loss) for the year	2,943.49	1,339.35
Less: Interest on Income Tax relating to previous years / Prior Period	-	131.36
Less: Provision for gratuity relating to earlier years	-	151.61
Less : Transfer to Capital Redemption Reserve	390.00	-
Closing balance (B)	11,973.19	9,419.70
C. Capital Redemption Reserve*		
Opening balance	-	-
Add: Transfer from Profit & Loss account	390.00	-
Less: Utilization	-	-
Closing balance (C)	390.00	-
Total (A+B+C)	12,392.89	9,449.40

* During the year , the company has redeemed preference shares and transferred the nominal value of shares redeemed to Capital redemption reserve as required under the provisions of Companies Act, 2013

5. Long term borrowings

Particulars	As at 31st March 2022	As at 31st March 2021
Secured		
(a) Debentures		
Optionally Convertible Debentures (OCDs)	4,200.00	-
4,200 (Previous Year: NIL) 14 % Debentures of Rs. 1,00,000 each redeemable at premium at minimum assured XIRR of 20% on July 01,2028		
Compulsorily Convertible Debentures (CCDs)	1,800.00	-
1,800 (Previous Year: NIL) 10 % Debentures of Rs. 1,00,000 each redeemable at premium on minimum assured XIRR of 18% on July 07, 2028		
(b) Term loans		
From Banks		
Term loans	6,593.67	4,459.95
Vehicle Loans	151.67	166.91
From other parties		
Term Loans	1,478.47	550.35
Unsecured		
Loan from Related Parties	86.63	159.28
Others		61.89
Total long term borrowings including its current maturities	14,310.44	5,398.38
Less: Current maturities of long term debt disclosed under "Other current liabilities" (note 10)	2,082.05	1,641.30
Total non current maturities of long term borrowings	12,228.39	3,757.08

*Terms of Redemption for debentures

14 % Optionally Convertible Debentures (OCDs) are redeemable at premium at the minimum assured XIRR of 20% at the end of seven years from the date of drawdown, viz., 1st July 2021.

Interest of 14% per annum on Optionally Convertible Debentures is Payable Quarterly.

10 % Compulsorily Convertible Debentures (CCDs) are redeemable at premium at the minimum assured XIRR of 18% at the end of seven years from the date of drawdown, viz., 7th July 2021.

Interest of 10% per annum on Compulsorily Convertible Debentures is Payable Quarterly with Quarterly hike of 2% after 36 months to be capped at 20% per annum.

*Terms of repayment of term loans

1. Term loan from financial institution (UBI) was taken during the financial year 2021-22 and carry interest @ 5.14 % p.a. The loan is repayable in 20 quarterly installments of Rs. 50.00 lakhs each payable from Sept'22 along with interest payable monthly from the date of loan.

2. Term loan from financial institution (IndusInd) was taken during the financial year 2021-22 and carry interest @ 7.50 % p.a. The loan is repayable in 20 installments of Rs. 99.84 lakhs each payable from March'23 along with interest payable monthly from the date of loan.

3. Term loan from Non-banking financial institution (TATA) was taken during the financial year 2021-22 and carry interest @ 11.50 % p.a. The loan is repayable in 48 installments of Rs. 2.08 lakhs each payable from April'24 along with interest payable monthly from the date of loan.

4. Term loan from Non-banking financial institution (TATA) was taken during the financial year 2021-22 and carry interest @ 11 % p.a. The loan is repayable in 60 installments of Rs. 17.95 lakhs each payable from Feb'22 along with interest payable monthly from the date of loan.

*Terms and conditions of loans and nature of security

Loan	Outstanding Amount as at 31/03/2022	Outstanding Amount as at 31/03/2021	Number of instalments remaining as on 31/03/2022	Number of instalments	Repayment start date
TATA					
Term Loan 1	378.82	530.34	28/ Monthly	60/ Monthly	15-08-2019
Term Loan 2	100.00	-	47/ Monthly	48/ Monthly	05-04-2024
Term Loan 3	987.25	-	58/ Monthly	60/ Monthly	15-02-2022
Term Loan 4	12.86	-	02/ Monthly	02/ Monthly	15-08-2024
UBI					
Term Loan 1	1,000.00	-	20/ Quarterly	20/ Quarterly	01-10-2022
Term Loan 2	1,375.00	793.38	21/ Quarterly	24/ Quarterly	30-09-2021
Term Loan 3	746.67	1,094.28	7/ Quarterly	16/ Quarterly	31-03-2019
IndusInd					
Term Loan 1	1,877.16	-	20/ Quarterly	20/ Quarterly	31-03-2023
Term Loan 2	404.05	-	03/ Quarterly	04/ Quarterly	28-02-2022
ICICI					
Term Loan 1	799.77	1,084.65	8/ Quarterly	20/ Quarterly	30-06-2020

* All the above loans carry interest within the range of 3.80% to 11.50% per annum as at March 31, 2022

*The Term loans from Banks are secured as under:
Charge on industrial land admeasuring 5,178.80 Square Yards along with building at Plot No. 90/C, Phase -1, IDA, Jeedimetla,Hyderabad-500055 Telangana-owned by Swastik Coaters Pvt Ltd, a subsidiary; Charge on industrial land admeasuring 5,391.76 Square Yards along with building at Plot No. 90/D, Phase -1, IDA Jeedimetla, Hyderabad-500055 Telangana-owned by Rouland Chemicals Pvt Ltd,a subsidiary ; Charge on industrial land admeasuring 8,831 Square Yards along with building at Plot No. 17 B, Phase -III, Industrial Park, Sy .No 163& 164 TSIIC IALA, Pashamylaram, Medak, Telangana; Pari -passu charge on Hypothecation of plant and other fixed assets purchased and to be purchased out of bank finance (Both Present & Future),paid stock, receivables and all other current asset of the Company.
Further, the loan has been guaranteed by the Personal guarantee of Directors (Rakesh Chopdar & Jyoti Chopdar) and Corporate Guarantee of Subsidiaries (Rouland Chemicals Pvt Ltd and Swastik Coaters Pvt Ltd) .

* Pupose and utilization of loans

Particulars of Loans	Purpose (as per Loan Agreement)	Whether used for the purpose stated in the loan Agreement	If no, mention the purpose for which it is utilised
UBI (Foreign Currency Term Loan)	Equipment Finance (CNC Lathe Machine)	Yes	-
IndusInd (Term Loan)	Equipment Finance	Yes	-
TATA (Term Loan)	Equipment Finance	Yes	-
TATA (Term Loan)	Equipment Finance	Yes	-

* Repayment schedule as at March 31, 2022

Particulars	As at 31st March,2022	As at 31st March,2021
Within one year (Rs.)	2,082.05	1,641.30
After one year but not more than 3 years (Rs.)	3,514.55	2,613.57
More than 3 years (Rs.)	2,627.21	922.34
Total	8,223.81	5,177.21

6. Deferred Tax Liabilities(Net)

Particulars	As at 31st March 2022	As at 31st March 2021
Deferred Tax Liabilities	853.56	686.63
Total	853.56	686.63

Movement During the year ended March 31,2022

Particulars	Opening Balance	Recognised/(reversed)in Profit and Loss Account	Closing Balance
Deferred Tax asset in relation to:			
Provision for gratuity and leave encashment	-	25.00	25.00
Provision for Bonus	-	33.79	33.79
Provision for Inventory	-	3.18	3.18
Others	-	3.31	3.31
Total (A)	-	65.28	65.28
Deferred Tax liability in relation to:			
Property,Plant and Equipments	686.63	232.20	918.83
Total (B)	686.63	232.20	918.83
Deferred tax liabilities(Net) (A-B)	686.63	166.93	853.56

Movement During the year ended March 31,2021

Particulars	Opening Balance	Recognised/(reversed)in Profit and Loss Account	Closing Balance
Deferred Tax asset in relation to:			
Provision for gratuity and leave encashment	-	-	-
Provision for Bonus	-	-	-
Provision for Inventory	-	-	-
Others	-	-	-
Total (A)	-	-	-
Deferred Tax liability in relation to:			
Property,Plant and Equipments	554.31	132.32	686.63
Deferred tax liabilities(Net)	554.31	132.32	686.63

7. Long-term Provisions

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for Employee Benefits (Refer Note 34) -Provision for gratuity (unfunded)	225.17	162.79
Total	225.17	162.79

8. Short Term borrowings

Particulars	As at 31st March 2022	As at 31st March 2021
Secured From Banks - (Loans repayable on demand) Working Capital Loans	5,380.21	2,988.99
Total	5,380.21	2,988.99

1. Charge on industrial land admeasuring 5,178.80 Square Yards along with building at Plot No. 90/C, Phase -1, IDA, Jeedimetla,Hyderabad-500055 Telangana-owned by Swastik Coaters Pvt Ltd, a subsidiary; Charge on industrial land admeasuring 5,391.76 Square Yards along with building at Plot No. 90/D, Phase -1, IDA Jeedimetla, Hyderabad-500055 Telangana-owned by Rouland Chemicals Pvt Ltd,a subsidiary ; Charge on industrial land admeasuring 8,831 Square Yards along with building at Plot No. 17 B, Phase -III, Industrial Park, Sy .No 163& 164 TSIIC IALA, Pashamylaram, Medak, Telangana; Pari -passu charge on Hypothecation of plant and other fixed assets purchased and to be purchased out of bank finance (Both Present & Future),paid stock, receivables and all other current asset of the Company.
Further, the loan has been guaranteed by the Personal guarantee of Directors (Rakesh Chopdar & Jyoti Chopdar) and Corporate Guarantee of Subsidiaries (Rouland Chemicals Pvt Ltd and Swastik Coaters Pvt Ltd) .

2. The monthly/quarterly returns submitted with banks are in agreement of the books of accounts

3. Loans outstanding represent packing credit and working capital demand facility availed with various banks and carry interest linked to the respective bank's prime / base lending rate and range from 2.5% to 3.00% per annum for the FY 2021-22.

9. Trade Payables

Particulars	As at 31st March 2022	As at 31st March 2021
Trade Payables**		
For Services	1,114.44	1,228.81
For Goods purchased	3,775.51	2,965.04
Total	4,889.95	4,193.85

**The company has not received any intimation from Suppliers/Service providers regarding their status under Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amounts unpaid at year end together with interest payable/paid,if any,as required under the said Act could not be given. No interest, if any, as required under the said Act could have been provided for in the books of Accounts.

Trade Payables ageing schedule

As at March 2022	Current				
Particulars	Payables Not Due	Outstanding for following periods from due date of payment			
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Others	1,761.00	2,790.76	83.83	151.74	102.62	4,889.95
(iv)Disputed dues - Others	-	-	-	-	-	-
Total	1,761.00	2,790.76	83.83	151.74	102.62	4,889.95

As at March 2021	Current				
Particulars	Payables Not Due	Outstanding for following periods from due date of payment			
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Others	7.75	3,660.66	321.34	204.10	-	4,193.85
(iv)Disputed dues - Others	-	-	-	-	-	-
Total	7.75	3,660.66	321.34	204.10	-	4,193.85

10. Other Current Liabilities

Particulars	As at 31st March 2022	As at 31st March 2021
Current Maturities of Long Term Debt	2,006.34	1,533.91
Current Maturities of Long Term Debt-Vehicle	75.72	107.39
other payables	805.55	1,382.79
Provision for CSR	83.12	30.49
Provision for Expenses	28.50	5.37
Interest Accrued but not due	40.19	-
Salaries Payable	394.61	371.65
Statutory Dues Payable	309.79	364.36
Total	3,743.82	3,795.96

11. Short-Term Provisions

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for Employee Benefits (Refer Note: 34)		
Provision for Gratuity (unfunded)	20.17	-
Provision for Leave Encashment	3.30	-
Provision for Taxation	780.13	391.06
Total	803.60	391.06

12. Property, Plant & Equipment- Tangible assets

Particulars	Gross Block				Depreciation				Net Block	
	As on 01st April 2021	Additions	Deletions	As on 31st March 2022	As on 01st April 2021	On Additions	On Deletions	As on 31st March 2022	As on 31st March 2022	As on 31st March 2021
Land	493.29	1,983.83	-	2,477.12	-	-	-	-	2,477.12	493.29
Factory Buildings*	1,039.05	59.27	1.60	1,096.72	128.84	42.26	0.26	170.84	925.88	910.21
Plant & Machinery	12,587.94	3,094.32	-	15,682.26	3,373.39	884.30	-	4,257.69	11,424.57	9,214.55
Electrical Fittings	469.67	42.31	-	511.98	150.59	112.92	-	263.51	248.47	319.08
Furniture & Fixtures	230.09	45.29	4.96	270.42	100.46	21.79	1.72	120.53	149.89	129.63
Computer & Data processing Units	343.56	86.82	-	430.38	226.05	94.45	-	320.50	109.88	117.51
Servers & Networks	111.98	144.48	-	256.46	46.17	39.14	-	85.31	171.15	65.81
Office Equipment	219.02	75.47	-	294.49	103.03	37.98	-	141.01	153.48	115.99
Motor Vehicles	651.84	120.57	-	772.41	242.81	98.54	-	341.35	431.06	409.03
Grand Total	**16,146.44**	**5,652.36**	**6.56**	**21,792.24**	**4,371.34**	**1,331.38**	**1.98**	**5,700.74**	**16,091.50**	**11,775.10**
Previous year	14,076.32	2,185.15	115.04	16,146.43	3,483.99	887.35	43.19	4,371.33	11,775.10	10,547.80
Capital Work in Progress**	-	381.80	-	381.80	-	-	-	-	381.80	

*Includes factory building situated on the leasehold lands, which are owned by Rouland Chemicals Pvt Ltd & Swastik Coaters Pvt Ltd, wholly owned susidiaries
**Refer Capital Work In Progress Ageing Schedule in Note 40

13. Long-Tem Loans & Advances

Particulars	As at 31st March 2022	As at 31st March 2021
Unsecured, Considered good		
Capital Advances	5,805.14	777.10
Other Advances	133.30	111.81
Total	**5,938.44**	**888.91**

14. Other Non-Current Assets

Particulars	As at 31st March 2022	As at 31st March 2021
Unsecured, Considered good		
Deferred Revenue Expense	825.43	762.41
Others		
Non-current bank balances	214.32	-
Security Deposit	64.77	-
Total	**1,104.52**	**762.41**

15. Inventories

Particulars	As at 31st March 2022	As at 31st March 2021
Raw Material	2,040.86	1,629.99
Semi Finished Goods(WIP)	3,014.91	1,319.21
Consumable stores, Spares & Fixtures	372.96	-
Less: Provision for inventory	10.91	
Total	**5,417.82**	**2,949.20**

16. Trade Receivables

Particulars	As at 31st March 2022	As at 31st March 2021
Unsecured, considered good	7,565.60	5,336.37
Total	**7,565.60**	**5,336.37**

Azad Engineering Private Limited
Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2022
All amounts are in INR lakhs unless otherwise stated
Trade Receivables Ageing Schedule

31st March 2022 Ageing Schedule

Particulars	Not Due	Outstanding for following periods from due date of Sale					
		Less than 6 months	6 months - 1 year	1-2 years years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	5,672.60	1,640.47	50.66	47.18	153.99	0.70	7,565.60
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
Less: Provision for doubtful receivable (Disputed + Undisputed)	-	-	-	-	-	-	
Total	5,672.60	1,640.47	50.66	47.18	153.99	0.70	7,565.60

31st March 2021 Ageing Schedule

Particulars	Not Due	Outstanding for following periods from due date of Sale					
		Less than 6 months	6 months - 1 year	1-2 years years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	-	4,326.55	460.57	385.28	163.97	-	5,336.37
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-	
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	
Less: Provision for doubtful receivable (Disputed + Undisputed)	-	-	-	-	-	-	
Total	-	4,326.55	460.57	385.28	163.97	-	5,336.37

17. Cash and Bank Balances

Particulars	As at 31st March 2022	As at 31st March 2021
Cash and Cash equivalents		
Cash on hand	85.12	48.57
Balance with banks	357.45	127.11
Total (I)	442.57	175.68
Other bank balances		
-Current maturities		
Deposits with original maturity less than 12 months from reporting date	1,324.01	1,864.77
Total current maturities of other bank balances(II)	1,324.01	1,864.77
Total (I + II)	1,766.58	2,040.45

18. Short Term Loans and Advances

Particulars	As at 31st March 2022	As at 31st March 2021
Unsecured, Considered good		
Employee Advances	166.65	34.44
Advances for purchase of goods & services	701.85	209.84
Loans and advances to related party	136.15	43.15
Other deposits & Advances	153.90	48.20
Total	1,158.55	335.63

19. Other Current Assets

Particulars	As at 31st March 2022	As at 31st March 2021
Unsecured, Considered good		
Balance with Govt Authorities	657.01	945.34
Other receivables	95.81	393.44
Deferred Revenue Expenses	159.82	159.82
Total	912.64	1,498.60

20. Revenue from Operations

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Sale of products-Finished Goods	11,714.06	7,427.25
Sale of Services - Job work	6,820.83	4,388.65
Other Operating revenue - Scrap sales	783.77	263.35
Total	19,318.66	12,079.25

21. Other Income

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Government Incentives	128.04	192.56
Gain on foreign exchange transactions	-	109.56
Interest Income	76.49	60.91
Miscellaneous income	12.85	52.93
Liabilities no longer required written back	244.45	-
Gain on sale of asset	-	1.65
Gain on sale of investment in a subsidiary	144.20	-
Total	606.03	417.61

22. Cost of Materials Consumed

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Opening Stock of Raw material	1,629.99	1,156.51
Add: Purchases less returns	4,171.90	2,693.55
	5,801.89	3,850.06
Less: Closing Stock of Raw material	2,040.86	1,629.99
Total	3,761.03	2,220.07

23. Changes in Inventories

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Inventory at close	3,014.91	1,319.21
Inventory at commencement	1,319.21	480.12
(Increase)/ Decrease in inventories	(1,695.70)	(839.09)

Total Material Consumed	2,065.33	1,380.98

24. Employee Benefit Expenses

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Salaries, wages, bonus and other allowances	4,346.48	3,047.86
Contribution to provident and other funds	146.52	86.11
Staff Welfare & Other Expenses	128.09	35.25
Gratuity	94.57	11.63
Leave Encashment	3.30	-
Total	4,718.96	3,180.85

25. Finance Costs

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Interest on Term Loans	743.50	286.29
Interest on Working Capital	143.33	59.59
Bank Charges	135.29	4.74
Other Borrowing Costs	246.60	138.29
Total	1,268.72	488.91

26. Depreciation

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Depreciation (Refer Note 12)	1,331.38	887.35
Total	1,331.38	887.35

27. Other Expenses

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Manufacturing Expenses		
Stores and Spares consumed	857.56	484.44
Job work charges	1,586.94	1,103.92
Repairs to Machinery	68.58	60.72
Tools	1,473.39	1,067.57
Transportation Charges	558.38	401.26
Power and Fuel	684.28	572.39
Inspection and Testing	49.19	36.12
Selling and distribution expenses		
Sales Commission	17.94	-
Business Promotion	9.39	20.00
Establishment Expenses		
Office & Other Repairs & maintenance	22.67	38.30
Telephone charges	11.24	11.54
Insurance	55.35	38.26
Travelling and Conveyance Expenses	48.67	24.66
Rent	51.68	5.80
Rates and Taxes	191.32	181.80
Loss on foreign exchange transactions and translations other than those considered as finance cost (net)	18.15	-
Professional & Consultancy fees	347.07	295.93
Printing , Stationary, Postage and Courier	6.38	22.39
Provision for Inventories	10.91	-
Provision for CSR Expenses	52.63	53.30
Auditors Remuneration-Statutory Audit*	18.50	5.70
Security Charges	102.74	72.67
Outsourced Manpower Cost	258.73	150.40
General expenses	61.25	25.02
Assets written off	0.09	-
Total	**6,563.03**	**4,672.19**

*As auditor:	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Statutory audit	16.00	4.20
In other capacity:		
Tax audit	2.50	1.50
Total	**18.50**	**5.70**

28. Contingent Liabilities and Commitments

(Amount in INR lakhs.)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Contingent Liabilities		
In respect of other Legal Matters (Refer note a)	2,265.30	2,197.08
In respect of Customs Duty (Refer note b)	718.33	718.33
(B) Commitments		
(i) Capital Commitments		
Estimated Amount of contracts remaining to be executed on capital account.	5,100.00	1,380.00
(ii)Other Commitments		
Unspent Corporate Social Responsibility (Refer Note c)	83.12	30.49

(a) The Company has placed an order on Hamuel Maschinenbau Gmbh & Co in June 2016 for supply of 14 machines and 4 machines were delivered in February 2017. The company has found Hamuel Maschinenbau Gmbh & Co machinery were defective and requested Hamuel Maschinenbau Gmbh & Co to repair the purchased machinery. Hamuel Maschinenbau Gmbh & Co has declined the request for repair. Azad Engineering Private Limited has filed the case and at present the matter is sub judice & is expected to be settled at USD 30 lakhs (PY: USD 30 lakhs).

(b) The Company has imported Raw Material and Capital Goods under Advance and EPCG authorization received from DGFT without payment of custom duty for which all export obligations have been fulfilled. The company has received intimation from Customs towards payment of duty amounting to INR 718.33 lakhs. However due to the norms which are pending for finalization by the authorities, the company has not accepted this claim.

(c) The Company has an unspent amount of Rs. 30.49 Lakhs pertaining to FY 20-21 which cumulates total unspent amount of Rs.83.12 lakhs as on FY 21-22. The company has transferred the amount remaining unspent in respect of ongoing projects to a special account in December 2022.

29. Pending Litigations

(Amount in INR lakhs.)

Particulars	As at March 31, 2022	As at March 31, 2021
Direct Tax Matter in Appeal	67.48	7.48

30.Value of Imports calculated on C.I.F basis

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw materials	2,490.08	1,817.90
Stores and spares	9.38	1.11
Capital goods	1,802.50	1,007.06
Total	4,301.96	2,826.07

31.Expenditure in Foreign Currency (On Accrual basis)

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest paid	294.59	238.55
Legal and professional fees	173.85	205.15
Total	**468.44**	**443.70**

32.Earnings in Foreign Currency (on accrual basis)

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Exports at F.O.B. Value	15,110.82	10,073.27
Total	**15,110.82**	**10,073.27**

33. Earnings per Share (EPS)

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit/ (loss) after tax and minority interest	2,943.49	1,339.35
Less: Dividends on convertible preference shares & tax thereon	-	-
Net profit/ (loss) for calculation of basic EPS	**2,943.49**	**1,339.35**
Net profit as above	2,943.49	1,339.35
Add: Dividends on convertible preference shares & tax thereon	-	-
Add: Interest on bonds convertible into equity shares (net of tax)	91.18	-
Net profit/ (loss) for calculation of diluted EPS	**3,034.67**	**1,339.35**
Continuing operations		
Profit/(loss) after tax and minority interest	2,943.49	1,339.35
Less: Dividends on convertible preference shares & tax thereon	-	-
Net profit/(loss) for calculation of basic EPS	**2,943.49**	**1,339.35**
Net profit as above	**2,943.49**	**1,339.35**
Add: Dividends on convertible preference shares & tax thereon	-	-
Add: Interest on debenture bonds convertible into equity shares (net of tax)	91.18	-
Net profit/ (loss) for calculation of diluted EPS	**3,034.67**	**1,339.35**

Particulars	For the year ended March 31, 2022 Number of shares	For the year ended March 31, 2021 Number of shares
Weighted average number of equity shares in calculating basic EPS	15,13,200	15,13,200
Effect of dilution:		
Convertible preference shares	-	-
Convertible Debenture bonds	62,425	-
Stock options granted under ESOP	-	-
Weighted average number of equity shares in calculating diluted EPS	**15,75,625**	**15,13,200**
Basic EPS (in INR)		
Computed on the basis of profit from continuing operations	194.52	88.51
Computed on the basis of total profit for the year **(in INR)**	194.52	88.51
Diluted EPS (in INR)		
Computed on the basis of profit from continuing operations	192.60	88.51
Computed on the basis of total profit for the year **(in INR)**	192.60	88.51

34. In accordance with the Accounting Standard-15 'Employee Benefits', the Company has calculated the various benefits provided to employees as under:

A. Defined contribution plans

a) Provident fund
b) Employee State Insurance Fund

During the period the Group has recognized the following amounts in the Statement of profit and loss:-

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Employers Contribution to Provident fund	110.71	77.98
Employers Contribution to Employee state insurance	35.81	8.13

B. Defined benefit plans and Other long-term benefits

a) Contribution to gratuity funds - Employee's gratuity fund (Defined benefit plan)

In accordance with Accounting Standard 15, an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on the following assumptions :

i. **Actuarial assumptions**

Particulars	Employee gratuity (unfunded)	
	March 31, 2022	March 31, 2021
Discount rate (per annum)	7.32%	-
Expected Rate of increase in compensation levels	5.00%	-
Expected Rate of return on plan assets	-	-
Mortality Rate	IALM (2012-14) Ult.	-
Retirement age	58 Years	-
Average attained age	29.94	-
Withdrawal Rate	NA	-

The discount rate assumed is 7.32% per annum which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

i. **Changes in the present value of the defined benefit obligation in respect of Gratuity (unfunded) are as follows:**

(Amount in INR lakhs.)

Particulars	As at March 31,2022	As at March 31, 2021
Present value obligation as at the beginning of the year	162.79	-
Interest cost	11.92	-
Current service cost	63.38	-
Benefits paid	(12.02)	-
Acquisition cost	-	-
Actuarial loss/(gain) on obligations	19.27	-
Present value obligation as at the end of the year	**245.34**	-

ii. **Changes in the fair value of plan assets**

(Amount in INR lakhs.)

Particulars	As at March 31,2022	As at March 31, 2021
Fair value of plan assets as at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	12.02	-
Benefits paid	(12.02)	-
Actuarial gain/ (loss) on plan assets	-	-
Fair value of plan assets as at the end of the year	-	-

iii. Reconciliation of present value of defined benefit obligation and fair value of assets

(Amount in INR lakhs.)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value obligation as at the end of the year	245.34	-
Fair value of plan assets as at the end of the year	-	-
Funded status/(deficit) or Unfunded net liability	(245.34)	-
Unfunded net liability recognized in balance sheet	-	-
Amount classified as:		
Short term provision (Refer note 11)	20.17	-
Long term provision (Refer note 7)	225.17	162.79

iv. Expenses recognized in Statement of Profit and Loss

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost (including risk premium for fully insured benefits)	63.38	-
Interest cost	11.92	-
Deficit in acquisition cost recovered	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized during the year	19.27	-
Total expense recognized in Statement of profit and loss	94.57	11.63

v. Investment details of the Plan Assets

(Amount in INR lakhs.)

Particulars	As at March 31, 2022	As at March 31, 2021
Government of India Securities	-	-
Corporate Bonds	-	-
Insurer Managed Fund	-	-
Special Deposit Scheme	-	-
Others	-	-
Total fund balance	-	-

General Description of the Plan

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Group's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972.

vi. **Net assets/liability and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets**

(Amount in INR lakhs.)

Particulars	As at March 31, 2022	As at March 31, 2021
PBO	245.34	-
Plan assets	-	-
Net assets/(liability)	(245.34)	-
Experience gain/(loss) on PBO	19.27	-
Experience gain/(loss) on plan assets	-	-
Actuarial gain due to change in assumptions	-	-

vii. **Employer's best estimate for contribution during next year**

(Amount in INR lakhs.)

Particulars	Amount
Employees gratuity fund	68.02

35. Related Party Disclosures

In accordance with the requirement of Accounting Standard (AS)- 18 on "Related Party Disclosures" the names of the related parties where control exists /able to exercise significant influence along with the aggregate transactions/year end balances with them as identified and certified by the management are given below

(a) Names of the Related Parties and Related Party Relationship

i.Other related parties with whom transactions have been taken place during the period

Relationship	Name of Party
Subsidiary Companies	1.Swastik Coaters Pvt Ltd 2.Agen Metcast Pvt Ltd (Ceased to be a subsidiary with effect from 18-06-2021) 3. Rouland Chemicals Pvt Ltd.
Associate companies	-
Entities under common control of any Director	1.Forgen Power Parts Private Limited 2.Ohri Industries Private Limited 3.Azad Synergies Private Limited 4.Radhe Creations Private Limited 5.Atlas Fasteners 6.Agrima Logi Park
Key Management Personnel and their relatives:	Director - Rakesh Chopdar Director - Jyoti Chopdar Company Secretary- Ful Kumar Gautam Director's Brother - Deepak Chopdar

(b) Transactions with the Related Parties

(Amount in INR lakhs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Company Secretary's Salary & Incentives	12.06	9.94
Director's Remuneration & Incentives		
Rakesh Chopdar	411.19	193.00
Jyoti Chopdar	138.72	65.25

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sales		
Deepak Chopdar	-	1.49

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases		
Deepak Chopdar	-	21.58

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental Income		
Atlas Fasteners	0.80	0.80

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loans & Advances (Assets)		
Loans Amount Repaid		
Agen Metcast Pvt Ltd.	5.00	2.50
Loans & Advances (Liability)		
Loan Amount Received		
Rakesh Chopdar	-	72.97
Jyoti Chopdar	-	136.00
Loan Amount Repaid		
Rakesh Chopdar	44.64	-
Jyoti Chopdar	48.01	77.83

(c) Outstanding balances

(Amount in INR lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Loans Payable		
Rakesh Chopdar-Loan	-	44.64
Jyoti Chopdar-Loan	66.63	114.64
Forgen Power Parts Pvt. ltd.	20.00	-
Loans and Advances Receivable		
Forgen Power Parts Pvt. ltd.	43.15	43.15
Agen Metcast Pvt Ltd.	93.00	-

36. Statement of un-hedged foreign currency exposure

Foreign Currency Exposure which are not hedged

Pursuant to the announcement on "Disclosure regarding Derivatives Instruments" issued by the Institute of Chartered Accountants of India, the Group has the following foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2022:

March 31, 2022

Particulars	Currency	Foreign Currency	Amount in INR lakhs
Trade Receivables	USD	68.82	5,221.94
Trade Receivables	EUR	16.62	1,399.94
Trade Payables	USD	0.60	45.50
Trade Payables	EUR	2.25	189.75
Trade Payables	CHF	0.10	8.20
Loans	USD	110.80	8405.15
Loans	EUR	4.80	404.05
Loans	JPY	7.13	453.52

March 31, 2021

Particulars	Currency	Foreign Currency	Amount in INR lakhs
Trade Receivables	EUR	10.17	875.40
Trade Receivables	USD	43.07	3,165.63
Trade Payables	EUR	1.62	139.75
Trade Payables	USD	0.23	16.85
Trade Payables	GBP	0.02	2.07
Trade Payables	CHF	0.22	17.02
Loans	USD	41.70	3,065.17
Loans	EUR	21.40	1,842.60
Loans	JPY	6.83	453.52

37. Imported and indigenous raw materials, components and spare parts consumed

Particulars	% of total consumption March 31, 2022	Value INR (in lakhs) March 31, 2022	% of total consumption March 31, 2021	Value INR (in lakhs) March 31, 2021
Raw Materials				
Imported	60	2,244.84	67	1,487.45
Indigenously obtained	40	1,516.19	33	732.62
Total	**100**	**3761.03**	**100**	**2220.07**
Spare parts				
Imported	2	17.15	1	4.84
Indigenously obtained	98	840.41	99	479.60
Total	100	857.56	100	484.44

38. In the opinion of the board of directors of the Group and to the best of their knowledge and belief, the value of current assets, loans and advances, in the ordinary course of business is not less than the amount at which they are stated in the balance sheet.

39. **Segment Information:**

The Group operates only in one business segment i.e, Manufacturing of Steam ,Gas & Aero Turbine Parts. Hence no separate disclosure is provided.

Information by Geographies

In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

a) Revenue from Geographical Market

(Amount in INR lakhs)

Segment Revenue	For the year ended March 31, 2022	For the year ended March 31, 2021
India	4,187.84	2,005.98
Outside India	15,130.81	10,073.27
Total	**19,318.65**	**12,079.25**

b) Carrying Amount of Segment Assets

(Amount in INR lakhs)

Segment Assets	As at March 31, 2022	As at March 31, 2021
India	35,375.19	21,452.96
Outside India	5,294.82	4,515.20
Total	**40,670.01**	**25,968.16**

c) Revenue from Major Customers

Details of external customers from whom the Group receives more than 10% of the revenue. Revenue from one customer of the Group is more than 10% of the total revenue aggregating to INR 4,238.53 lakhs.

47 Undisclosed income

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

48 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the company as per the Act. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

A.

Particulars	31 March 2022	31 March 2021
Gross Amount required to be spent as per Section 135 of the Act	52.63	53.30
Add: Amount Unspent from previous years	30.49	-
Total Gross amount required to be spent during the year	**83.12**	**53.30**

B.

Amount approved by the Board to be spent during the year	52.63	53.30

C. Amount spent during the year on

(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	-	22.81

D. Details related to amount spent/ unspent

Particulars	31 March 2022	31 March 2021
Spent on Medical Welfare Fund TS Government activities	-	22.81
Accrual towards unspent obligations in relation to:		
Ongoing projects	83.12	-
Other than Ongoing projects	-	-
TOTAL	**83.12**	**22.81**

E. Details of ongoing CSR projects

Particulars	Nature of Project	With the Company	In Separate CSR Unspent Account
Balance as at April 01, 2021		30.49	-
Amount required to be spent during the year		52.63	-
Balance as at March 31, 2022	Radiant Institute of Technology, Jeedipally. The above project pertains to providing infrastructure facilities in order to promote education.	83.12	-

F. Disclosures on Shortfall

Particulars	March 31, 2022	March 31, 2021
Amount Required to be spent by the Company during the year	83.12	53.30
Actual Amount Spent by the Company during the year	-	22.81
Shortfall at the end of the year	83.12	30.49
Total of previous years shortfall	30.49	-
Reason for shortfall - State reasons for shortfall in expenditure	Ongoing Activity	Ongoing Activity

*Under the provisions of Section 135 of the Act, the company is required to spend Rs.52.63 Lakhs towards corporate social responsibility in the year ended 31st March 2022.
The company has an unspent amount of Rs.30.49 lakhs pertaining to the financial year ended 31st March 2021 which cumulates total unspent amount of Rs.83.12 lakhs as on 31st March 2022. The company has transferred the amount remaining unspent in respect of ongoing projects to a special account in December 2022.

47 Undisclosed income

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

48 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the company as per the Act. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

A.

Particulars	31 March 2022	31 March 2021
Gross Amount required to be spent as per Section 135 of the Act	52.63	53.30
Add: Amount Unspent from previous years	30.49	-
Total Gross amount required to be spent during the year	83.12	53.30

B.

Amount approved by the Board to be spent during the year	52.63	53.30

C. Amount spent during the year on

(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	-	22.81

D. Details related to amount spent/ unspent

Particulars	31 March 2022	31 March 2021
Spent on Medical Welfare Fund TS Government activities	-	22.81
Accrual towards unspent obligations in relation to:		
Ongoing projects	83.12	-
Other than Ongoing projects	-	-
TOTAL	83.12	22.81

E. Details of ongoing CSR projects

Particulars	Nature of Project	With the Company	In Separate CSR Unspent Account
Balance as at April 01, 2021		30.49	-
Amount required to be spent during the year		52.63	-
Balance as at March 31, 2022	Radiant Institute of Technology, Jeedipally. The above project pertains to providing infrastructure facilities in order to promote education.	83.12	-

F. Disclosures on Shortfall

Particulars	March 31, 2022	March 31, 2021
Amount Required to be spent by the Company during the year	83.12	53.30
Actual Amount Spent by the Company during the year	-	22.81
Shortfall at the end of the year	83.12	30.49
Total of previous years shortfall	30.49	-
Reason for shortfall - State reasons for shortfall in expenditure	Ongoing Activity	Ongoing Activity

*Under the provisions of Section 135 of the Act, the company is required to spend Rs.52.63 Lakhs towards corporate social responsibility in the year ended 31st March 2022.
The company has an unspent amount of Rs.30.49 lakhs pertaining to the financial year ended 31st March 2021 which cumulates total unspent amount of Rs.83.12 lakhs as on 31st March 2022. The company has transferred the amount remaining unspent in respect of ongoing projects to a special account in December 2022.

49 Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

50 Consolidation method adopted

The Consolidated Financial Statements have been prepared combining the accounts of The Company along with below mentioned subsidiaries on a line by line basis as required by AS-21:Consolidated Financial Statements.The Minority Interest is shown separately.

Name of the Subsididary Company	% of ownership	
	2022	2021
Swastik Coaters Pvt Ltd	99.62	99.62
Rouland Chemicals Pvt Ltd	99.90	99.90
Agen Metcast Pvt Ltd	-	99.99

51 Additional Information, as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries.

As on 31st March 2022

Name of the Enterprise	Net Assets(i.e Total Assets minus Total Liabilities)		Share in Profit or (Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
Holding Company				
Azad Engineering Private Limited	97.64	12,249.20	99.94	2,941.66
Subsidiaries				
Swastik Coaters Pvt Ltd	2.32	290.82	0.03	0.94
Rouland Chemicals Pvt Ltd	0.03	4.19	0.03	0.87
Minority Interest in All Subsidiaries	0.01	1.10	0.00	0.02
Total	100.00	12,545.31	100.00	2,943.49

As on 31st March 2021

Name of the Enterprise	Net Assets(i.e Total Assets minus Total Liabilities)		Share in Profit or (Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
Holding Company				
Azad Engineering Private Limited	98.49	9,840.73	100.90	1,351.44
Subsidiaries				
Swastik Coaters Pvt Ltd	2.90	289.88	(0.02)	(0.25)
Rouland Chemicals Pvt Ltd	0.03	3.32	(0.02)	(0.25)
Agen Metcast Pvt Ltd	(1.43)	(143.20)	(0.87)	(11.62)
Minority Interest in All Subsidiaries	0.01	1.08	0.00	0.02
Total	100.00	9,991.81	100.00	1,339.35

52 The Social Security Code, 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Group will assess the impact of the Code and will give appropriate impact in the consolidated financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

53 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification (or) disclosure.

The accompanying notes form an integral part of the financial statements

As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No:205226
UDIN:22205226BGKHMZ5708

Place:Hyderabad
Date: 29-12-2022

For Laxminiwas & Co.
Chartered Accountants
Firm Registration No.:011168S

Vijay Singh
Partner
Membership No:221671
UDIN:22205226BGKHMZ5708

Place:Hyderabad
Date: 29-12-2022

For and on behalf of the Board of Directors of
Azad Engineering Private Limited
CIN:U74210TG1983PTC004132

Rakesh Chopdar
Director
DIN:01795599

Place: Hyderabad
Date: 29-12-2022

Jyoti Chopdar
Director
DIN:03132157

Place: Hyderabad
Date: 29-12-2022

Ful Kumar Gautam
Company Secretary
M.no:BBBPG5115K

Place: Hyderabad
Date: 29-12-2022

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward Looking Statements" on page 19 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Industry Overview", "Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors" and "Selected Financial Information of our Company" on pages 158, 95, 130, 40, and 33, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. The Audited Consolidated Financial Statements of our Company have been prepared in accordance with Ind AS. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 included herein is derived from the Audited Consolidated Financial Statements, the financial information for the nine months ended December 31, 2024 and December 31, 2023, included herein is derived from the Unaudited Consolidated December 2024 Financial Results and Unaudited Consolidated December 2023 Financial Results, respectively, and the financial information for the six months ended September 30, 2024, included herein is derived from the Unaudited Consolidated September 2024 Financial Results included in this Preliminary Placement Document. For further information, see "Financial Statements" on page 95.

In this section, unless otherwise indicated or the context requires, a reference to "our Company" is a reference to our Company on a standalone basis, while any reference to "we", "us" or "our" is a reference to our Company and its subsidiaries on a consolidated basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "EY report on assessment of the components of energy turbine, oil drilling, aerospace & defence industry" dated February 21, 2025 (the "**EY Report**") prepared and issued by EY LLP, appointed by pursuant to engagement letter dated February 3, 2025 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with this Issue. The data included herein includes excerpts from the EY Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the EY Report and included herein with respect to any particular year refers to such information for the relevant calendar/Fiscal, as applicable. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by EY exclusively commissioned and paid for by us for such purpose." on page 67.*

Overview

We are one of the key manufacturers of qualified product lines supplying to global original equipment manufacturers ("**OEMs**") in the energy, aerospace and defence, and oil and gas industries, manufacturing highly engineered, complex and mission and life-critical components (*Source: EY Report*). We manufacture complex and highly engineered precision forged and machined components that are mission and life-critical and hence, some of our products have a "zero parts per million" defects requirement (*Source: EY Report*). As of December 31, 2024, we generated a revenue of ₹ 2047.42 million from sale of airfoils/ blades for the energy industry, which comprised of 61.96 % of our revenue from operations. We compete with manufacturers from USA, China, Europe, Middle East, and Japan (*Source: EY Report*). Our customers include global OEMs across the energy, aerospace and defence, and oil and gas industries.

Our components have been supplied to countries such as USA, China, Europe, Middle East, and Japan since our inception (*Source*: *EY Report*). Accordingly, we are a key link in the global supply chain for OEMs (*Source: EY Report*). We increased our revenue from ₹1,944.67 million in Fiscal 2022 to ₹3,407.71 million in Fiscal 2024 (CAGR of 32.38% between Fiscals 2022 and 2024) with an adjusted EBITDA margin of 34.84% in Fiscal 2024. Our revenue from operations for the nine months ended December 31, 2024 is ₹3.304.28 million. We are one of the fastest growing manufacturers (in terms of revenue growth for the period between Fiscals 2022– 2024) with one of the highest EBITDA margins among the key players for machined components for the key industries serviced by us (*Source: EY Report*). Our vision is to revolutionize the global precision manufacturing industry and disrupt the industries in which we operate in with cutting-edge technology while contributing towards India's evolving manufacturing ecosystem.

Our products include 3D rotating airfoil/ blade portions of turbine engines and other critical components for (a) gas, nuclear and thermal turbines used in industrial applications or energy generation, and (b) defence and civil aircrafts and spaceships. The demand for such precision, forged and machined components is driven by requirements relating to energy turbines

(industrial, gas, nuclear and coal), aircrafts (commercial and military), amongst others (*Source: EY Report*). Airfoils/ blades are one of the most critical 3D rotating and stationary parts of a turbine in the compression section. To sustain the high pressure, airfoils/ blades are made up of exotic/ super alloys and manufactured with a unique process designed by our Company.

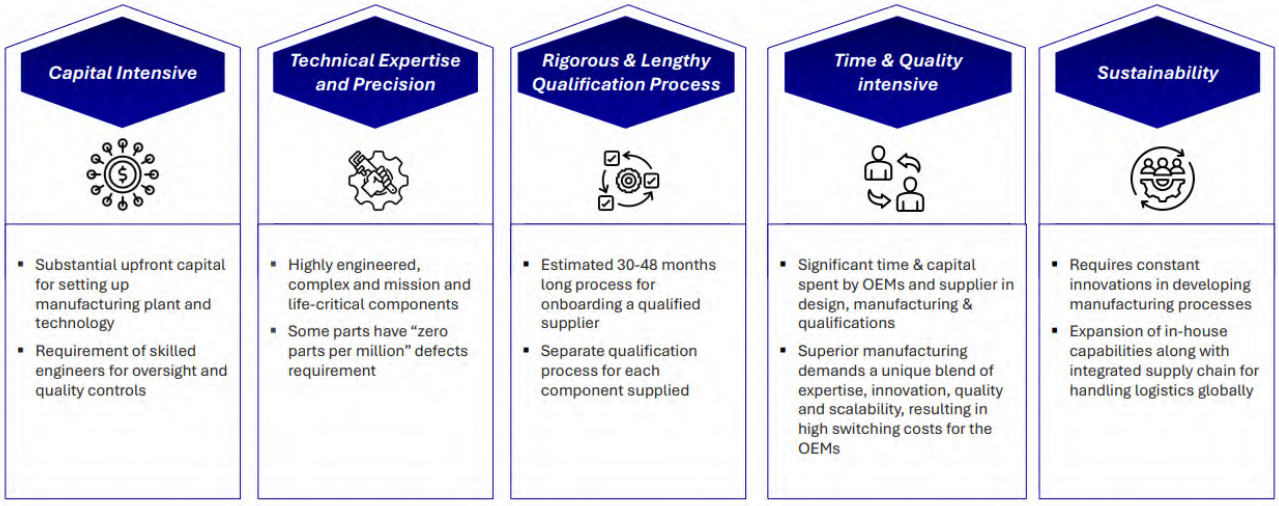
In the energy industry, our Company produces high-precision rotating and stationary 3D airfoils/ blades, special machined parts and combustion component assemblies for land-based turbines with applications in industrial and energy plants using different fuel types such as nuclear, hydrogen, natural gas and thermal. Our Company's aerospace and defence products include airfoils/ blades and components for engines, auxiliary power units ("**APUs**"), hydraulics, actuating systems, flight controls, fuel and inerting sections of commercial and defence aircrafts and spacecrafts, among other defence systems and various critical components for missiles. We have supplied critical components to major commercial aircraft manufacturers such as B737, B737 Max, B747, B777, B777X, A320, A350, A355, A350 XWB, Gulfstream G550 (*Source: EY Report*). For the oil and gas industry, we manufacture components of drilling rigs such as drill bits and other critical components that are used in drilling equipment and are part of exploration and production phase.

Our Company has been in operations for more than 15 years and we have substantial experience as a tier 1 supplier of high precision components for the energy industry. (*Source: EY Report*) with export sales in 13 countries in the period between March 31, 2022 and December 31, 2024 in the industries in which we operate. The demand for these products is driven by the orders for these components in either new energy turbines (industrial and gas, nuclear and coal energy plants), or the service market (*Source: EY Report*). The demand for both in turn is driven by energy consumption and growth in energy demand. (*Source: EY Report*).

We believe that we have proven our capability by manufacturing and delivering 5.22 million units between Fiscal 2009 to Fiscal 2024 at an overall level, and 2.01 million units in the nine months ended December 31, 2024. A majority of our revenues are derived from exports to global OEMs, backed by long-term contracts and for the nine months ended December 31, 2024, 92.85 % of our total revenue from operations was from contracts with customers located outside India. For nine months ended December 31, 2024, our exports and domestic sales amounted to 3,067.88 million and 236.40 million, respectively, and private, government sales and export incentives amounted to 3,213.85 million, ₹ 65.25 million and ₹ 25.18 million, respectively. Our total income has grown at a CAGR of 36.77% from ₹1,992.63 million in Fiscal 2022 to ₹3,727.64 million in Fiscal 2024, and was ₹ 3,376.41 million for the nine months ended December 31, 2024. Our Adjusted EBITDA has grown at a CAGR of 37.10% from ₹631.65 million in Fiscal 2022 to ₹ 1,187.27 million in Fiscal 2024, and was ₹ 1.192.97 million for the nine months ended December 31, 2024.

We have in-house capabilities and proficiency in engineering, design, tooling, material development coupled with a range of finishing and assembly operations focussed on continuous improvements to our manufacturing and quality processes. We believe our process design capabilities and several years of experience of manufacturing life and mission critical portions of turbine engines enable us to develop high quality and cost-effective solutions for the demanding applications of global OEMs, which differentiates us from our global competitors. We are a technology-driven and innovative company with manufacturing facilities and high-quality products meeting global standards.

The energy turbine, aerospace and defence industry have significant entry barrier due to a lengthy and stringent qualification process for the components driven by criticality of their usage. Some of these components are life critical and mission critical and hence, have zero parts per million defect requirements. Superior manufacturing demands a unique blend of expertise, innovation, quality, and advanced safety controls in the industry which cannot be obtained by only installing CNC machines. The vendors must go through separate qualification process for each component that they supply. The qualification process for a new vendor is stringent and includes multiple steps (such as assessment and audit of technical capabilities of the vendor, vendor registration, evaluation & test of the product qualifications). This entire process is time intensive and often takes more than 15 months to qualify as a supplier during which the vendor is evaluated by the OEM. The vendors also need to institute quality and tracking procedures for all products that are supplied which demands a higher order quality control. (*Source: EY Report*). The image below provides certain entry barriers in our industry.



With our substantial experience as a tier 1 supplier of high precision components for the energy industry (*Source: EY Report*), we are a qualified and established supplier to global OEMs operating in highly regulated industries. We are one of their preferred suppliers, which is evident from the consistent awards, repeat orders and recognition received from our customers. We believe that our manufacturing cost advantage results in high margins while retaining our competitive lead. We have been consistently awarded by our customers as one of the most competitive strategic partners in their supply chain.

The components manufactured by us are critical for the functioning of, *inter alia*, energy applications (nuclear, gas, oil and thermal) and worldwide air travel (military and civil). Considering that we manufacture life-critical and mission-critical components, the margin for error is zero in our manufacturing process for some of our components, which we adhere to by way of our strong quality control systems. Airfoils/ blades and other products are designed to operate at extreme conditions and require a multi-level safety protocol as such engine products are life critical. Considering that the costs are very high in the aerospace and defence industries given the stringent quality checks and certifications that are required to qualify as a supplier, there are significant entry barriers, which makes finding a manufacturing partner a lengthy process of many years for OEMs (*Source: EY Report*). We believe that it would ideally take 15-20 years for a new player in our industry to reach the position we currently occupy in the market.

In Fiscal 2024, we have supplied to customers which control approximately 75% of the gas turbine market (based technology ownership and number of units ordered in nine months of Fiscal 2024) globally (*Source: EY Report*). We supply components to five of the key manufacturers in the turbine manufacturing industry (*Source: EY Report*).

Further, the market for aerospace and defence components was the largest at ₹ 1,187,000 million in 2023 and is expected to have the highest CAGR of more than 11% by 2029 (*Source: EY Report*). We supply components to six of the key manufacturers in the aerospace and defence industries (*Source: EY Report*).

The overall addressable market across energy and aerospace and defence components for our Company is expected to grow at more than 9% CAGR from ₹ 1,501,000 million in 2023 to ₹ 2,500,000 million in 2029 (*Source: EY Report*). Additionally, the addressable market for oilfield drilling components is expected to grow at more than 4% CAGR by 2029 (*Source: EY Report*).

The overall market for drill bits in 2023 was ₹ 340,000 million which is expected to reach ₹ 433,000 million by 2029 with an estimated compounded annual growth of 4% between 2023 – 2029 (*Source: EY Report*). The overall market for downhole drilling tools includes market for products such as reamers and this market was estimated to be ₹ 389,000 million in Fiscal 2023 and is expected to reach ₹ 496,000 million by 2029 with an estimated compounded annual growth of 4% between 2023 – 2029 (*Source: EY Report*). We have supplied components to one of the global manufacturers in the drilling equipment manufacturing industry (*Source: EY Report*).

As a strategic and growth partner to customers across highly regulated industries, we enjoy long-term relationships with high customer stickiness and a high percentage of repeat business, which allows us to have long-term contracts, a stable customer base and strong visibility on long term revenue. Further, we believe that our long-term relationships with our clients and a deep understanding of their requirements will assist us in expanding our product offerings into adjacent turbine engine components and assemblies.

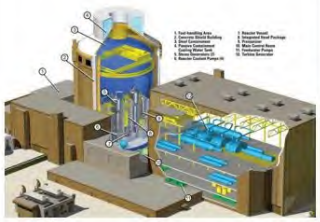
We have five advanced manufacturing facilities in Hyderabad, Telangana, India, capable of producing high precision forged and machined components with a total manufacturing area of approximately 32,000 square metres. Further, we have two manufacturing facilities in the pipeline at (a) Tuniki Bollaram village in Siddipet district, Telangana and (b) Mangampet village, Sangareddy district, Telangana, with a total manufacturing area of 94,898.78 square metres and 74,866.84 square metres, respectively. The construction and development of these proposed manufacturing facilities are intended to be funded from our internal accruals. Our upcoming manufacturing facility at Tuniki Bollaram village in Siddipet district, Telangana is proposed to have dedicated and exclusive manufacturing setups for our customers. We plan to initially introduce this exclusive manufacturing setup for production of critical and complex components such as airfoils/ blades and other special machined parts for gas and thermal turbines for certain of our key customers.

We have a diversified Board, which is supplemented by our strong professional management team, with relevant experience in the engineering and manufacturing industries. Our Promoter i.e., Rakesh Chopdar has helped expand our operations within India and globally and has been associated with our Company as a director since 2003. We believe our qualified and committed management team also empowers us to seize market prospects, originate and implement business plans, manage customer prospects, and evolve to changing market conditions.

Product Categories

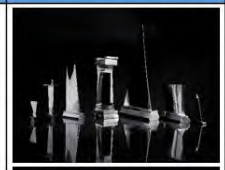
Our diversified product ranges across energy, aerospace and defence, and oil and gas industries. The products that we manufacture are highly engineered, complex, mission and life critical high precision forged and machined components, which we believe, makes us stand out as a strategic partner to OEMs in the industries in which we operate. As of December 31, 2024, we have approximately 45 qualified manufacturing processes and 1,400 qualified parts and components. Details of key products manufactured by us are set out below:

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
Natural Gas Turbine	**Turbine Airfoil Assembly**	**Airfoils** **Vanes** **Hot Gas Path Parts**	**1.Electric Power Generation** **2.Marine Propulsion** **3.Industrial Applications Emergency Power Generation** **4.Oil and Gas Industry** **5.Renewable Energy Integration** **6.District Heating and Cooling** **7.Waste-to-Energy**	Gas turbines, also known as combustion turbines, are versatile machines that play a crucial role in various industries due to their efficiency, reliability, and flexibility. They operate on the principle of converting fuel energy into mechanical energy through combustion and then using this mechanical energy to generate electricity, propel vehicles, or drive other mechanical systems. Here are some of the most common uses of gas turbines; The use of gas turbines continues to evolve as technology advances, with a focus on improving efficiency, reducing emissions, and integrating with renewable energy sources to create more sustainable and resilient energy system.

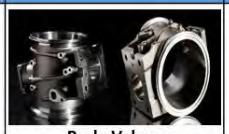
APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 **Nuclear Power Turbine**	 **Turbine Airfoil Assembly**	**Airfoils** **Airfoils** **Nozzle Diaphragm** **LSB**	**1. Electricity Generation** **2. Power Production** **3. Baseload Power** **4. Low Environmental Impact** **5. Energy Security** **6.Diverse Energy Portfolio** **7. Research and Development**	The nuclear turbine system is a critical part of nuclear power plants, enabling the efficient conversion of nuclear energy into electricity. It's designed to operate safely, efficiently, and reliably while adhering to strict safety measures to prevent the release of radioactive materials into the environment

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Thermal Power Turbine	 **Turbine Airfoil Assembly**	 **Fixed Airfoil/Blade** **Moving Airfoil /Blade** **Last Stage Airfoil /Blade - Rotating**	**1.Electric Power Generation** **2.Combined Heat and Power (CHP) Plants** **3.Geothermal Power Generation** **4.Marine Propulsion** **5.District Heating and Cooling** **6.Desalination Plants** **7.Waste-to-Energy Plants: Pulp and Paper Industry: Sugar Mills**	Steam turbines are mechanical devices that convert thermal energy stored in steam into mechanical work, which can then be used to generate electricity, drive machinery, or perform various other tasks. They have been a fundamental component of power generation and industrial processes for over a century.

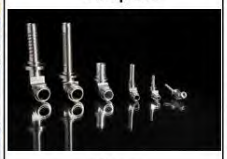
APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Actuator Systems in Aircraft	 **Actuator System in Aircraft**	 **Cover, Actuator** **Housing, Actuator** **Cover** **Housing Actuator** **Guide, Poppet**	**1.Business Jet Aircraft** **2.Commercial Aircraft** **3.Defence Aircrafts** **4.Training Jet Aircrafts.**	Actuators in the aerospace market are used widely throughout aircraft, both fixed- and rotary-wing, as well as in missiles, spacecraft, and other marine and surface vehicles. Functions range from moving flight control surfaces to extending the footrests in business-class seats.

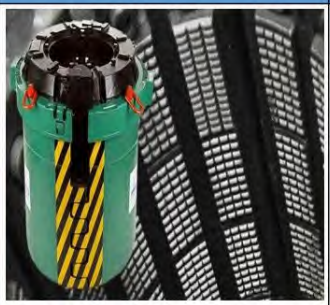
APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
Military Jet Engine Commercial Aircraft Engine	 Aero Engine Assembly	 Aero Airfoils Impeller, NGV Fan Blisk	1.Business Jet Aircraft 2.Commercial Aircraft 3.Defence Aircrafts 4.Training Jet Aircrafts.	A jet engine turbine blade is the individual component that makes up the turbine section of an aircraft engine. Turbine Airfoils/blades function is to convert the energy of the bypassing gas into a rotation of the rotor. The forced rotation in compressor Airfoils/ blades of the rotor (via an engine) leads to air being sucked in and compressed by the airfoils of multiple stages.

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Auxiliary power unit ("APU")	 APU System in Aircraft	Housing , Fan Housing , compressor Housing Mount Housing Support Body, Assembly	1.Business Jet Aircraft 2.Commercial Aircraft 3.Defence Aircrafts 4.Training Jet Aircrafts.	The APU is a small jet engine that enables the aircraft to become self-sufficient from external power. It supplies bleed air for air conditioning and to start the engines. It can be used during take-off to power the air conditioning, avoiding a reduction in engine thrust and increasing performance Systems.

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Auxiliary power unit ("APU") Aero Engines	 Air Generation and Valve Assembly in Aircraft Engine	 Body Valve Plate Butterfly Seal Rings FRV	1.Business Jet Aircraft 2.Commercial Aircraft 3.Defence Aircrafts 4.Training Jet Aircrafts.	In Aircraft Engine Valve and Air generation systems facilitate the control of airflow in and around various functions of the aircraft, regulating temperatures throughout the cabin and cockpit.

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Missile System	 Airframes & Booster	 Skirts Base FWD Cover Base Structure Base Igniter Body	Defence, Missile Manufacturing Industries.	A missile is an intelligent unmanned rocket designed to carry the payload to a designated point with an aim of destroying the object/target. The missile is designed keeping its target, trajectory, warhead, range, velocity and launch platform.

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Hydraulic System in Aircraft	 Hydraulic System in Aircraft	 Adaptors  Elbows Tee FLD	1.Business Jet Aircraft 2.Commercial Aircraft 3.Defence Aircrafts 4.Training Jet Aircrafts. 5.Helicopters	Aviation hydraulic products are used in Business Jet, Commercial Jet, Defence, Training Jet aircrafts and Helicopters to help control and manage brakes, flaps, thrust reversers, flight controls, and landing gear. Hydraulic systems are the preferred system because they offer the perfect amount of pressure to operate these systems.

APPLICATION	PRODUCT CATEGORY	OUR PRODUCTS	END-USE INDUSTRY	PRODUCT FUNCTION
 Oil and Gas	 Up & Mid Stream – Sub System 	 Slips Drill bit DRS & CWI Frame Bonnet Flow Tube	Oil & Gas Up Stream & Mid Stream Applications	Slips is a device used to grip and hold the upper part of a drill string to the drill floor on an oil rig. The slips are constructed as a collection of metal wedges, hinged together to form a circular shape around the drill pipe. On the inside surface, the slips normally has replaceable steel teeth that grips the pipe. In the oil and gas industry, a drill bit is a tool designed to produce a generally cylindrical hole (wellbore) in the earth's crust by the rotary drilling method for the discovery and extraction of hydrocarbons such as crude oil and natural gas.

The table below sets out the details of the revenue earned from purchase orders in relation to the products of our Company:

Industry and Product Particulars	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from Operations (in ₹ million)	% of revenue from operations (%)	Revenue from Operations (Rs. in million)	% of revenue from operations (%)	Revenue from Operations (in ₹ million)	% of revenue from operations (%)	Revenue from Operations (in ₹ million)	% of revenue from operations (%)
Energy	**2,554.38**	**77.31**	**2,798.17**	**82.11**	**2,190.40**	**87.03**	**1,650.70**	**84.88**
Airfoil/ blade	2,047.42	61.96	2,255.04	66.17	1,980.18	78.68	1,458.23	74.99
Engineering Charges	7.37	0.22	2.17	0.06	-	-	-	-
Non-airfoil	499.59	15.12	540.96	15.87	210.22	8.35	192.47	9.90
Aerospace and defence	**560.11**	**16.95**	**438.47**	**12.87**	**225.28**	**8.95**	**202.78**	**10.43**
Air Generation System	221.56	6.71	185.83	5.45	34.38	1.37	87.81	4.52
Airfoil	15.18	0.46	18.75	0.55	13.17	0.52	17.79	0.91
APU/Engine	52.60	1.59	64.93	1.91	19.45	0.77	12.36	0.64
Engineering charges	4.76	0.14	0.47	0.01	-	-	30.36	1.56
Hydraulic system	0.04	0.00	0.65	0.02	75.37	2.99	21.82	1.12
Engine	-	-	-	-	19.68	0.78	13.86	0.71
Generator	-	-	-	-	18.52	0.74	4.53	0.23
Propulsion system	42.19	1.28	25.79	0.76	19.09	0.76	0.14	0.01
Structural joints	-	-	-	-	2.76	0.11	1.73	0.09
Missile	1.08	0.03	4.04	0.12	4.32	0.17	3.21	0.17
Others	222.71	6.74	138.00	4.05	18.54	0.74	9.17	0.47
Oil and gas	**63.86**	**1.93**	**44.58**	**1.31**	**0.47**	**0.02**	**-**	**-**
Airfoil	0.53	0.02	-	-	-	-	-	-
Drilling and Services	3.35	0.10	3.60	0.11	0.47	0.02	-	-
Completions	55.88	1.69	5.20	0.15	-	-	-	-
Engineering Charges	-	-	8.71	0.26	-	-	-	-
Combustion	-	-	27.07	0.79	-	-	-	-
Non - Airfoil	4.11	0.12	-	-	-	-	-	-
Scrap	**80.56**	**2.44**	**105.89**	**3.11**	**96.90**	**3.85**	**78.38**	**4.03**
Others	**25.18**	**0.76**	**20.60**	**0.60**	**3.70**	**0.15**	**12.81**	**0.66**
Subsidiaries	**20.19**	**0.61**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,304.28**	**100.00**	**3,407.71**	**100.00**	**2,516.75**	**100.00**	**1,944.67**	**100.00**

Financial and Operational Metrics

Financial metrics

The table below sets out some of our financial and other metrics as at and for the nine months ended December 31, 2024 and the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	As at and for the nine months ended December 31, 2024	As at and for the Fiscal ended March 31, 2024	As at and for the Fiscal ended March 31, 2023	As at and for the Fiscal ended March 31, 2022	CAGR (From Fiscal 2022 to Fiscal 2024)
Revenue from operations[(1)] (₹ in million)	3,304.28	3,407.71	2,516.75	1,944.67	32.38
Revenue Growth[(2)] (year on year) (%)	-	35.40	29.42	58.46	NA
Gross Profit[(3)] (₹ in million)	2,829.55	2,947.49	2,215.24	1,737.05	30.26
Gross Profit Margin[(4)] (in %)	85.63	86.49	88.02	89.32	NA
EBITDA[(5)] (₹ in million)	1,157.20	1,165.88	722.78	622.68	36.83
EBITDA Margin[(6)] (in %)	35.02	34.21	28.72	32.02	NA
Adjusted EBITDA[(7)] (₹ in million)	1,192.97	1,187.27	795.44	631.65	37.10
Adjusted EBITDA margin[(8)] (in %)	36.10	34.84	31.61	32.48	NA
Profit before tax [(9)] (₹ in million)	881.48	807.86	131.59	401.34	41.88
Profit for the year/period[(10)] (₹ in million)	617.25	585.80	84.73	294.57	41.02
Profit Margin[(11)] (in %)	18.68	17.19	3.37	15.15	NA
Adjusted Profit for the year/period[(12)] (₹ in million)	653.01	620.93	442.95	292.91	45.60
Adjusted Profit margin[(13)] (in %)	19.34	16.66	16.94	14.70	NA
Revenue from exports (₹ in million)	3,067.88	2,981.82	2,023.08	1,518.17	40.15
Revenue from exports as a percentage of Revenue from Operations (in %)	92.85	87.50	80.38	78.07	NA

Notes:

(1) Revenue from operations is total revenue generated by our Company from the sale of products, sale of services and other operating revenue – scrap sales.

(2) Revenue growth represents the growth in revenue from operations for the year / period of our Company.

(3) Gross profit is calculated as revenue from operations minus cost of materials consumed, changes in inventories of finished goods and work-in-progress, and other direct costs.

(4) Gross profit margin is calculated as gross profit as a percentage of revenue from operations.

(5) EBITDA is calculated as profit/(loss) before tax minus other income plus finance costs, and depreciation and amortisation expense.

(6) EBITDA Margin is calculated as EBITDA as a percentage of revenue from operations.

(7) Adjusted EBITDA is Adjusted EBITDA is calculated as EBITDA plus fire incident, fire restoration cost, fire insurance – premium, ECL, foreign currency, professional and consultancy charges towards Hamuel litigation and COVID loss.

(8) Adjusted EBITDA Margin is calculated as a percentage of revenue from operations.

(9) Profit before tax is calculated as total income minus total expenses of our company for the year/period.

(10) Profit for the year/period is calculated as profit before tax minus tax expense for the year/period.

(11) Profit Margin is calculated as profit after tax as a percentage of revenue from operations.

(12) Adjusted profit for the year/ period is calculated as Adjusted EBITDA minus depreciation minus interest minus tax expense plus other income plus interest from OCD/CCD and redemption from OCD/CCD less material non-recurring income viz-gain on sale of land, investment, gain on derecognitions of financial liabilities, liabilities no longer written back.

(13) Adjusted Profit margin is calculated as adjusted profit after tax as a percentage of total income.

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Return on Capital Employed (ROCE)[(1)] (%)	18.77	12.99	16.95
Adjusted Return on Capital Employed (AROCE)[(2)] (%)	27.98	22.05	28.31
Asset Turnover ratio[(3)]	0.49	0.51	0.59
Net debt to Equity[(4)]	N.A.	1.22	1.50

Notes:

(1) Return on Capital Employed (%) is calculated as EBIT divided by Capital Employed. EBIT is calculated as restated profit after tax for the year/ period plus total tax expense plus finance costs and Capital employed is calculated as the sum of Total Equity, Current Borrowings, and Non-current borrowings.

(2) Adjusted Return on Capital Employed (AROCE) is calculated as EBIT plus other income divided by adjusted average capital employed, which is defined as shareholders' equity plus total borrowings (current & non-current) and lease liabilities (current & non-current).

(3) Asset Turnover ratio is calculated as revenue from operations divided by average total assets.

(4) Net Debt to Equity is calculated as net debt (non-current borrowings plus current borrowings minus cash and cash equivalents minus bank balances) / Equity (equity share capital plus other equity).

Operating metrics

The following table sets forth certain of our operating metrics for the periods indicated:

Particulars	As at and for the nine months ended December 31, 2024	As at and for the Fiscal ended March 31, 2024	As at and for the Fiscal ended March 31, 2023	As at and for the Fiscal ended March 31, 2022
Customer concentration (Top 5) [(1)*](in %)	54.60	56.73	63.11	54.82
Customer concentration (Top 10) [(2)*](in %)	69.36	75.88	79.76	73.64

Notes:
(1) Customer concentration (Top 5) % indicates total revenue from top five customers in terms of descending order of revenue generation for a year / period shown as percent of revenue from operations for that year / period.
(2) Customer concentration (Top 10) % indicates total revenue from top ten customers in terms of descending order of revenue generation for a year / period shown as percent of revenue from operations for that year / period.
** Customers include affiliates or group entities of our customers, as applicable.*

Particulars	As at and for the Fiscal ended March 31, 2024	As at and for the Fiscal ended March 31, 2023	As at and for the Fiscal ended March 31, 2022
Trade Receivable Days [(1)] (in days)	154.57	140.17	119.38
Trade Payable Days[(2)] (in days)	52.21	65.32	74.94
Inventory Days[(3)] (in days)	117.30	104.01	86.02
Cash conversion cycle[(4)]	219.66	178.86	130.46

Notes:
(1) Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Fiscal years.
(2) Trade Payable Days is calculated as average trade payables divided by revenue from operations multiplied by 365 for Fiscal years.
(3) Inventory Days is calculated as average inventory divided by revenue from operations multiplied by 365 for Fiscal years.
(4) Cash conversion cycle is calculated Days of inventory outstanding plus days of sales outstanding minus days payables outstanding.

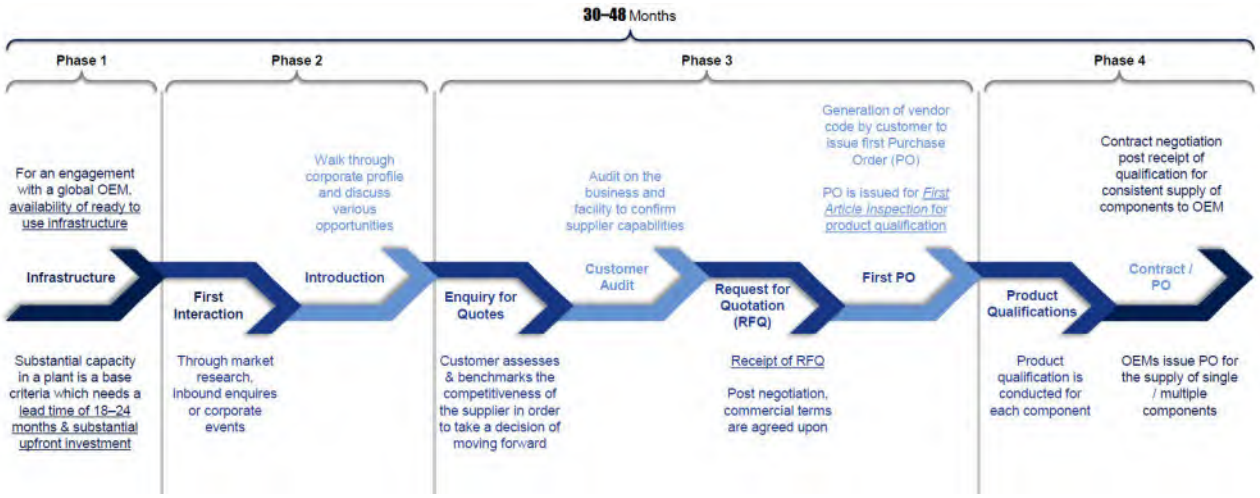
Our Strengths

Engineered for success and a preferred name in the manufacturing of highly engineered, complex and mission and life-critical high precision components for global OEMs despite growing competition from China, Europe, USA and Japan

We are one of the key manufacturers of our qualified product lines supplying to global OEMs primarily engaged in highly regulated industries, including energy, aerospace and defence and oil and gas industries, manufacturing highly engineered, complex and mission and life-critical components (*Source: EY Report*). In order to supply our products to our customers, we are required to undergo a part-by-part qualification process with each of them since our products are project and life critical in nature, to satisfy the stringent processes and quality requirements of our customers.

Set out below is an illustration of our journey to become a qualified supplier with a customer:

Illustrative customer on-boarding process for Industry



The qualification process also includes an audit of our technical expertise and capability to manufacture the products as per the specifications of the customer. We are also required to qualify each part of the product which we intend to supply to our customers. The components being manufactured by us are high-precision and mission-critical and hence, some have a "zero parts per million" defects requirement (*Source: EY Report*).

The industries in which we operate in have significant entry barriers due to a lengthy qualification process for the components due to criticality of such components. Once the manufacturing plant is operational, the vendors are required to go through separate qualification process for each component that they supply. The qualification process for a new vendor is stringent and includes multiple steps mentioned below:

- Identification and understanding the vendor;
- Assessment and audit of the technical capabilities for the vendor;
- Request for quote and negotiations;
- Vendor registration;
- Evaluation and test of the product qualifications;
- Final contract and negotiations; and
- Purchase orders for product supply (*Source: EY Report*)

The vendors are required to go through separate qualification processes for each component that they supply. The qualification process for a new vendor is stringent and includes multiple steps (such as assessment and audit of technical capabilities of the vendor, vendor registration, evaluation and test of the product qualifications). This entire process is time intensive and often takes more than 15 months to qualify as a supplier during which the vendor is evaluated by the OEM. The vendors also need to institute quality and tracking procedures for all products that are supplied which demands a higher order quality control. Once a contract is awarded by an OEM to a supplier for a critical component, the OEM and the supplier typically spend significant amount of time and capital on design, manufacturing, first article inspection ("**FAI**") i.e., qualification prior to signing of contracts and testing and certifications for product specific equipment. Any new supplier is required to undergo the same process. OEMs are reluctant to switch suppliers as there are high switching costs unless the current suppliers are unable to meet the requirements on quality, cost, or delivery (*Source: EY Report*).

Other than high quality requirement, OEMs' vendor selection decision is primarily driven by the potential for cost saving. Hence, the vendors in these industries have to optimize labour cost while maintaining highly skilled labour. There is a preference of OEMs for suppliers which are capable of scaling over time and hence, aim for consolidation in the supplier base with a reasonable share diverted towards each supplier. Hence, Indian players who can pass the stringent qualification process have an edge. Additionally, to ensure consistent supply by the vendors, OEMs also closely monitor geo-political risks associated with supplier locations. Locations with low geopolitical risk are preferred for developing a supplier base, and India is increasingly being considered a strategic procurement destination by OEMs (*Source: EY Report*).

Despite the significant expenses associated with qualifying manufacturing partners, we have demonstrated efficiency pursuant to machining time reduction, which we believe is our competitive strength against manufacturers from China, Europe, USA and Japan. Further, we have been successful in obtaining stringent and highly sought qualifications for products from global customers in lesser time period than industry standard which is evident from the recognitions received

from our customers. Further, the attractiveness of China has reduced due to growing geopolitical tensions and also rising labour costs (*Source: EY Report*).

Ensuring safety in the manufacturing of critical components, particularly airfoils/ blades and other life-critical parts designed for high-temperature environments is a top priority at our Company. We ensure strict adherence to the specifications provided by our customers, industry standards and utilizes advanced technology in order manufacturing process to provide quality and reliable products. Our manufacturing facilities are equipped with tools for non-destructive testing, material analysis, and thermal simulations to verify the structural integrity and performance of these components under extreme conditions. A team of skilled engineers and technicians oversees our entire production process, implementing rigorous testing and adhering to strict quality control measures. For details of the technology used by our Company in our manufacturing process, see " – *Our Manufacturing Facilities, Process and Capabilities*" and " – *Quality Control*" on page 120 and 125, respectively.

We maintain close collaboration with global OEMs to gather valuable input and feedback, continually enhancing the performance of our critical components for the aerospace and defence industry. Superior manufacturing demands a unique blend of expertise, innovation, quality, and advanced safety controls in the industry which cannot be obtained by only installing computer numerical control ("**CNC**") machines (*Source: EY Report*). Accordingly, we believe that our unwavering commitment to quality and safety sets us apart as a preferred supplier for OEMs worldwide, including by measures and processes adopted by us as set out in " – *Quality Control*" on page 125.

Despite competing from manufacturers in China, Europe, USA and Japan, we believe that we have differentiated our offerings, distinguished ourselves and been successful in being the preferred partner to our customers. We believe we have a significant manufacturing cost advantage which results in superior margins while staying competitive. Once we are qualified as a supplier by a customer, due to our process design capabilities leading to cost competitiveness and quality controls it is difficult for such customer to switch to another supplier as the qualifying process is capital and resource intensive for OEMs. This also results in repeat order and customer stickiness. The energy, aerospace and defence have a significant entry barrier due to a lengthy qualification process for the components driven by criticality of their usage (*Source: EY Report*).

We compete with Chinese, European, and other global competitors across product segments. Recent notifications from the U.S. government and their intent of additional 10% tariff on all Chinese imports, effective February 4, 2025, will further increase cost pressures on Chinese suppliers, potentially creating an advantage for Indian manufacturers. (*Source: EY Report*). We believe that this will drive further business and wallet share gains for us, strengthening our global market position and growth prospects.

Further, we have leveraged our experience, and our unwavering commitment to quality and continuous pursuit of innovation, also distinguish us from our competitors. Our Company has developed manufacturing capability to deliver solutions which have helped clients and has supplied to both Indian and global OEMs, many of which are leaders in their respective industries. We have recently received orders from three global OEMs and one Indian PSU OEM.

Supplying to OEMs with high global market penetration

Based on our deep market knowledge and continuing interactions with our long-standing customers, which gives us expansive insight into multiple industries, we believe that we serve as a critical source supplier for global OEMs.

The global energy consumption has increased from 433 exajoules ("**EJ**") in 2019 to 445 EJ in 2023 with annualized growth rate of approximately1% from 2019-2023. Industrial energy consumption has increased from 143 gigawatt ("**GW**") in 2010 to 173 GW in 2023. Out of this industrial energy consumption, more than three-fourths of the market is consumed for non-power end use applications. Global electricity consumption increased from 82 EJ in 2019 to 91 EJ in 2023. Global capacity for energy generation stood at 9,436 GW in 2023. Out of this, the global capacity for gas energy generation was 2,007 GW, 416 GW capacity for nuclear energy generation and 2,204 GW capacity for coal energy generation in 2023. (*Source: EY Report*).

Apart from above, India's nuclear power generation capacity and expected additions following recent discussions between the U.S. and India in February 2025 under the U.S.–India 123 Civil Nuclear Agreement, there are potential plans to construct nuclear reactors in India using U.S. designs, with the possibility of technology transfer. It can be a potential advantage to Indian manufacturers (*Source: EY Report*). We are a qualified global supplier of critical rotating components for global OEMs in the nuclear segment.

The steam turbine manufacturing market is concentrated with top five players contributing to more than approximately 60% of the market based on orders as of December 31, 2024, and the gas turbine manufacturing market is highly concentrated with top three players contributing to more than 75% of the market(*Source: EY Report*).

In the nine months ended December 31, 2024, we have supplied to customers which control approximately 75% of the gas turbine market globally (*Source: EY Report*) and continue to supply to customers in this industry. We supply components to five of the key manufacturers in the turbine manufacturing industry (*Source: EY Report*). The turbine and its component manufacturing industry has a two-tiered structure where there are large OEMs, which are involved in research and development, design, manufacturing, and assembly of turbines. There are also downstream manufacturing companies, such as our Company, who have the capability of supplying a few critical components to the OEMs (*Source: EY Report*). Airfoils contribute to majority of the sales for our Company in Fiscal 2024. Our Company also supplies other special machined components for energy turbines. Our Company has witnessed an increase in its market share for airfoils in the period Fiscal 2019 – 2024 (*Source: EY Report*).

Among the addressable markets for our Company, the market for aerospace and defence components was the largest at ₹1,187,000 million in 2023 and is expected to go up to ₹ 2,192,000 million by 2029 with the highest CAGR of more than 11% by 2027 (*Source: EY Report*). Revenue Passenger Kilometer ("**RPK**") for the commercial aircraft industry is expected to increase to approximately 12 billion by 2029, growing at a CAGR of approximately 6% in the period between 2024 and 2029. This industry has recovered in 2022 and 2023 after facing headwinds post the Covid-19 pandemic. We have been a supplier of critical components for aircraft platforms like B737, B737 Max, B747, B777, B777X, A320, A350, A355, A350 XWB, Gulfstream G550, and are currently in discussions for supply of components for new engine platforms to various kinds of aircraft manufacturers (*Source: EY Report*). Boeing Company and Airbus SE dominate the commercial aircraft industry with over 90% market share and have an order backlog of approximately 15,000 units as of 2024 (*Source: EY Report*). Nearly 84% of these backlog orders were for narrow body aircrafts like Airbus A220, A320 and Boeing 737 (*Source: EY Report*).

In defence segment as well, the world spent US$ 2,333 billion on military expenditure in 2023 which is about 2.3% of the global GDP. The 'Make in India', Defence Acquisition Procedure 2020 and Atma Nirbhar policies together have promoted the participation of Indian conglomerates and private players in partnerships with global manufactures in the Indian defence manufacturing space, which we are primed to capitalise on. We supply components to six of the key manufacturers in the aerospace and defence industries (*Source: EY Report*).

Additionally, the addressable market for oilfield drilling components is expected to grow at more than 4% CAGR by 2029 (*Source: EY Report*). The overall market for drill bits in 2023 was ₹ 340,000 million which is expected to reach ₹ 433,000 million by 2029 with an estimated compounded annual growth of 4% between 2023 – 2029 (*Source: EY Report*). The overall market for downhole drilling tools includes market for products such as reamers and this market was estimated to be ₹ 389,000 million in 2023 and is expected to reach ₹ 496,000 million by 2029 with an estimated compounded annual growth of 4% between 2023 – 2029 (*Source: EY Report*). We have supplied components to one of the global manufacturers in the drilling equipment manufacturing industry (*Source: EY Report*).

Long-standing and deep customer relationships

Our company has existing relationships with both Indian and global OEMs. Our long-standing customer base comprises leading product OEM companies, key strategic and globally preferred partners, with whom we have an average relationship of over 10 years. Further, our integrated manufacturing and supply chain solutions together with our scale of operations, technical know-how, value added design and engineering expertise, allows us to cater to several Indian and global OEMs. We have been honoured with numerous awards and accolades from our customer such as, *inter alia*:

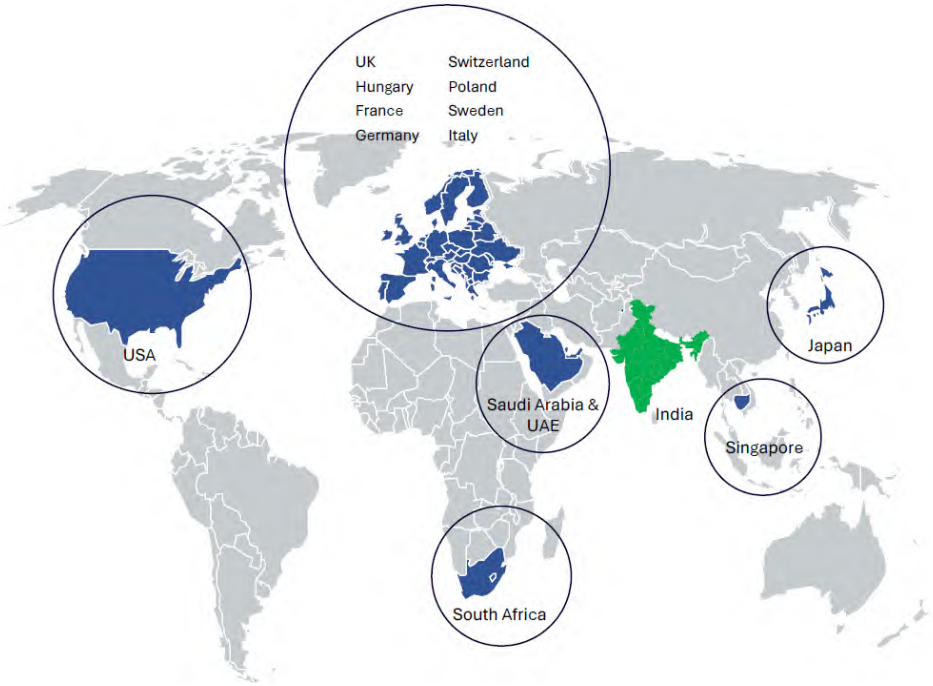
- Awarded as the winner of "2024 partner of the year" in Mitsubishi Heavy Industries gas turbine combined cycle business division.
- Certificate of Appreciation" presented by Mitsubishi Heavy Industries, Ltd. for producing more than USD10 million of gas turbine compressor blades and steam engine turbine blades in Fiscal 2022.
- Godrej Aerospace presented the "Making India Atmanirbhar" award for being one of the most reliable partners in 2022.
- "Certificate of Appreciation" presented by Godrej and Boyce Aerospace for manufacturing critical components with consistent quality performance in -2022. "Certificate of Appreciation" from Tata Lockheed Martin Aerostructures Limited for "Industrializing the Fighter Wing" in the 2021.
- Award for "Outstanding Commitment in Driving Commercial Competitiveness" from General Electric Gas Power presented at the MENASA partnership summit in 2020.

- Received the "Star Performer – Large Enterprise (Engines and Turbines & Parts)" award for export excellence by the Engineering Exports Promotion Council India, southern region in 2020.
- "Operational Excellence" award from General Electric in 2019.
- GE South Asia awarded us with "Lean and Digital Excellence" award in 2019.
- "Certificate of Appreciation" by Mitsubishi Hitachi Power Systems, Ltd. for outstanding performance for supplying gas turbine compressor and steam turbine blades in 2019.
- Received the award for "Excellence in Manufacturing" from Godrej Aerospace in 2016-2017 and 2018-2019.
- Mitsubishi Hitachi Power Systems awarded us as the "Best Partner of the Year" in 2018.
- "Certificate of Appreciation" presented by Mitsubishi Hitachi Power Systems, Ltd. for phenomenal efforts and exceptional performance in minimising FAI period and reducing cost for gas turbine compressor blades in 2018.
- Received the "Excellence–Award - GE Belief - Empower and Adapt to Win" award by GE 2017.
- "Excellent Supplier Award 2014" from Doosan Skoda Power in 2014.
- "New Best Business Partner" award from Hindustan Aeronautics Limited in 2013 in blades manufacturing.

We serve a broad range of customers both in the Indian and overseas markets. The table below sets out the details of our total revenue from contracts with customers with geographical location outside India:

	Nine months ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Outside India (in ₹ million)	3,067.88	2,981.82	2,023.08	1,518.17
Outside India % (in %)	92.85	87.50	80.38	78.07

We have a well-diversified customer base spread across various geographies. We have a broad customer base globally as set forth below.



For the nine months ended December 31, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022, (a) contribution to revenue from operations from our top five customers was ₹1804.05 million, ₹1,933.26 million, ₹1,588.20 million, and ₹1,066.07 million, respectively and (b) constituted 54.60%, 56.73%, 63.11% and 54.82%, respectively, of our total revenue from operations. In the nine months ended December 31, 2024 and Fiscals 2024, 2023 and 2022 we have a diversified customer base with our top 10 customers accounting for 69.36% and 75.88%, 79.76%, and 73.64%, respectively of our revenue from operations. As of December 31, 2024, 97.26% of our revenue from operations was generated from private players.

For the nine months ended December 31 2024, we derived 92.85% of our income from sale of goods with end-use in the overseas markets, including 15.63% in Japan and 41.30% in USA. Our diversification of revenue across multiple customers and industries has enabled us to grow our customer base across geographies. This is evident from the fact that our top five customers have been associated with us for over 10 years.

The table below sets forth the breakdown of our income from sale of goods across geographic markets, as a percentage of our total revenue from operations for the nine months ended December 31, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Country	Revenue (₹ in million)	% of Revenue from operations	Revenue (₹ in million)	% of Revenue from operations	Revenue (₹ in million)	% of Revenue from operations	Revenue (₹ in million)	% of Revenue from operations
	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
Japan	516.45	15.63	554.38	16.27	892.61	35.47	652.34	33.54
USA	1,364.64	41.30	1,153.26	33.85	579.09	23.01	466.74	24.00
India*	280.11	8.48	441.69	12.96	496.93	19.75	432.23	22.23
UAE	414.30	12.54	470.85	13.82	222.60	8.84	169.97	8.74
Germany	277.97	8.41	193.32	5.67	158.98	6.32	66.27	3.41
Switzerland	0.36	0.01	0.80	0.02	0.97	0.04	16.26	0.84
UK	142.96	4.33	82.42	2.42	11.85	0.47	35.56	1.83
Hungary	1.78	0.05	34.92	1.02	0.56	0.02	12.81	0.66
France	180.38	5.46	362.73	10.64	152.85	6.07	84.13	4.32
Italy	26.13	0.79	35.78	1.05	-	-	-	-
Sweden	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	4.17	0.21
Poland	65.13	1.97	68.67	2.02	-	-	4.19	0.22
Saudi Arabia	0.47	0.01	-	-	0.10	0.00	-	-
Singapore	33.60	1.02	8.90	0.26	0.21	0.01	-	-

** Includes export incentives*

The table below sets forth the breakdown of our revenue from operations across our top ten customers, as a percentage of our total revenue from operations for the nine months ended December 31, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Customer	Revenue (₹ in million)	% of Revenue from operations	Revenue (₹ in million)	% of Revenue from operations	Revenue (₹ in million)	% of Revenue from operations	Revenue (₹ in million)	% of Revenue from operations
	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
Customer 1	516.45	15.63	554.38	16.27	829.56	32.96	54.42	2.80
Customer 2	359.87	10.89	465.96	13.67	222.42	8.84	169.97	8.74
Customer 3	-	-	-	-	63.05	2.51	423.85	21.8
Customer 4	273.27	8.27	404.57	11.87	-	-	173.28	8.91
Customer 5	-	-	-	-	-	-	174.06	8.95
Customer 6	140.48	4.25	160.20	4.70	158.98	6.32	66.27	3.41
Customer 7	123.13	3.73	125.18	3.67	111.33	4.42	73.26	3.77
Customer 8	360.51	10.91	254.82	7.48	76.5	3.04	107.16	5.51
Customer 9	58.81	1.78	253.53	7.44	77.93	3.10	53.32	2.74
Customer 10	-	-	22.60	0.66	90.38	3.59	124.90	6.42

We believe that our enduring customer relationships serve as a clear testament to our commitment to quality, as well as our advanced design and precision manufacturing capabilities. Further, our domain expertise in various aspects such as precision engineering, research and development, as well as our adoption of technologically advanced and cost-competitive manufacturing processes have been instrumental in obtaining repeat orders from our key customer group. Given the intricacies involved in the production process of such products, we firmly believe that once our customers find a suitable vendor meeting their requirements, they are inclined to maintain a lasting partnership. Our enduring relationships with customers enable us to deeply understand their diverse requirements, including the development of new products. We believe that our long-term relationship with our clients serves as testament to our operational and managerial capabilities and makes us an attractive choice for potential clients in the industry.

Advanced manufacturing facilities with a diverse range of products and solutions with focus on innovation and cost competitiveness

As of December 31, 2024, we have five manufacturing facilities in Hyderabad, Telangana in India which are spread across approximately 32,000 square metres and have a combined annual installed capacity of 786,881 hours per annum, annual actual production of 674,770 hours per annum and capacity utilization of 85.75% per annum.

We have stringent quality systems and processes which enable us to meet the rigorous and complex requirements of our customers within the stipulated timelines. For instance, our manufacturing facilities have received or are in the process of receiving accreditations, including:

- ISO 9001:2015 certification for our Company's quality management system for manufacture of aerospace and defence, energy, and oil and gas parts;
- ISO/IEC 27001:2013 information security management system ("**ISMS**") certification for our Company's information management system for control of information (internal and external, including but not limited to customer properties along with support functions);
- ISO 14001:2015 environmental management system ("**EMS**") (certification is awaited and is subject to audit) and 45001:2018 occupational health and safety assessment series ("**OHSAS**") certifications for our Company's quality management system to ensure environmental health and safety of our facilities (certification is awaited and is subject to audit); and
- Accreditation for specific services on the qualified manufacturer's list for fluid distribution systems from National Aerospace and Defence Contractors Accreditation Program ("**NADCAP**").

Leveraging advanced machines and technologies, we are a prominent player in the industries in which we operate, with intricate engineering capabilities and production of high-quality components that meet the exacting demands of modern applications. Through continuous training and upskilling, our employees ensure that every step of the process is executed with precision and attention to detail. We believe that the seamless integration of technology and human expertise allows us to achieve exceptional accuracy, dimensional stability, and mechanical properties in our components.

We constantly strive to introduce innovations in our manufacturing processes, expansion of in-house capabilities to undertake forging and special processes and process efficiencies to reduce costs to ensure reduction in cost and lead times to manufacture a product. Consequently, this helps in increasing our revenues, margins, and profitability.

Our manufacturing processes are also subject to regular inspections conducted by our customers. Our manufacturing facilities are equipped with sophisticated equipment and machinery including robotics equipment that enables us to produce high quality products and helps minimize the number of employees required to operate them, thereby reducing costs. We undertake automation of our manufacturing processes by implementing manufacturing execution systems to increase the overall production efficiency and shorten the time to produce with enhanced quality along with reducing downtime and idle time. We conduct quality inspections and testing for our raw materials and final products. Quality test results of samples plays a vital role in selection by our customers. To ensure superior quality we undertake various tests on our raw materials including chemical analysis, ultrasonic testing, testing mechanical properties and metallurgical analysis. Our capabilities are widely recognized, and we have been the recipients of many awards.

Consistent track record of financial performance

We have demonstrated consistent growth in terms of revenues and profitability. We increased our revenue from operations from ₹1,944.67 million in Fiscal 2022 to ₹3,407.71 million in Fiscal 2024 (CAGR of 32.38% between Fiscals 2022 and 2024). Our revenue from operations was ₹3,304.28 million in the nine months ended December 31, 2024.

Set out below is our revenue breakup as at the nine months ended December 31, 2024 and the Fiscals 2024, 2023 and 2022:

Industry	**Nine months ended December 31, 2024**		**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Revenue from Operations (₹ in million)	**% of revenue from operations (%)**	**Revenue from Operations (₹ in million)**	**% of revenue from operations (%)**	**Revenue from Operations (₹ in million)**	**% of revenue from operations (%)**	**Revenue from Operations (₹ in million)**	**% of revenue from operations (%)**
Energy (I)	2,554.38	77.31	2,798.17	82.11	2,190.40	87.03	1,650.70	84.88
Aerospace and defence (II)	560.11	16.95	438.47	12.87	225.28	8.95	202.78	10.43
Oil and gas (III)	63.86	1.93	44.58	1.31	0.47	0.02	-	-
Scrap (IV)	80.56	2.44	105.89	3.11	96.90	3.85	78.38	4.03
Others* (V)	25.18	0.76	20.60	0.60	3.70	0.15	12.81	0.66

Industry	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from Operations (₹ in million)	% of revenue from operations (%)	Revenue from Operations (₹ in million)	% of revenue from operations (%)	Revenue from Operations (₹ in million)	% of revenue from operations (%)	Revenue from Operations (₹ in million)	% of revenue from operations (%)
Subsidiaries (VI)	20.19	0.61	-	-	-	-	-	-
Total (I+II+III+IV+V+VI)	**3,304.28**	**100.00**	**3,407.71**	**100.00**	**2,516.75**	**100.00**	**1,944.67**	**100.00**

** Others includes export incentives and duty drawbacks*

We have had the following strong return ratios in Fiscals 2024, 2023 and 2022 (a) with a low debt to equity ratio of 0.06, 1.47 and 1.64, respectively and (b) Net debt/ Adjusted EBITDA ratio was N.A., 3.11 and 2.16, respectively. Our profit after tax has increased at a CAGR of 41.02% from ₹ 294.57 million for Fiscal 2022 to ₹ 585.80 million for Fiscal 2024, and was ₹617.25 million for nine months ended December 31, 2024.

Experienced Promoter and management team

We are led by our Promoter Rakesh Chopdar who has helped expand our operations within India and globally and has been associated with our Company as a director since 2003. Rakesh Chopdar has more than two decades of experience in engineering and manufacturing activities. Under his leadership we have been able to expand our operations and have established a significant presence in India and globally. He has won the third prize at the "National Award for Outstanding Entrepreneurship" under "Small Enterprises (Manufacturing)" from the Government of India, MSME in 2012, "Young Asia Entrepreneur 2019-20" by CNBC – TV18 in 2020 and the first prize at the MSME National Awards for "MSME - Export Performance" in 2024. Further, we have an experienced and qualified Board of Directors comprising of four Executive Directors and four Independent Directors.

We also have an experienced senior management team which includes our Whole-time Director, Vishnu Pramodkumar Malpani; our Chief Financial Officer, Ronak Jajoo; our Head – Engineering & Operations, Ashok Gentyala; our Head – Business Growth, Balaji P.R.; our Head – Supply Chain, Dinesh J Shetty; our Head – Analytics & IT, Atin Agarwal; our Head – Program Management, Matthew Richard Childs; and our Head – Quality Management Systems, Silpa Kanaka Bellamkonda. Their industry experience has enabled us to anticipate and capitalize on changing market trends, manage and grow our operations and leverage and deepen customer relationships. Our leadership team has strong understanding of customer requirements combined with technical know-how that enables product innovation and new product development.

Our Strategies

Wallet share gains driving revenue from existing long-standing clients – Increasingly catering to diverse component needs for clients, reflected in growing order book across key clients

We are leveraging our strong, long-standing relationships with key clients by increasing our share of their total wallet and annual spend on our capabilities. By continuously adding more product qualifications across multiple verticals and expanding capacity to meet global demand, we are offering a diverse range of complex, highly engineered components that are mission and life critical. This strategic approach is reflected in a growing order book, demonstrating greater trust and reliance from key clients. As a result, we are not only maintaining but also deepening our engagement with existing customers, driving sustained revenue growth for the long term. We aim to continue this approach in the future.

Utilizing existing product and technology capabilities to serve new clients – Building a comprehensive product portfolio catering to diversified new clients

We are leveraging our long-standing credibility in our core product portfolio and technological expertise to effectively expand our customer base across the energy, aerospace and defence, and oil and gas sectors. By showcasing our capabilities in precision manufacturing, advanced engineering, and cutting-edge technological solutions, we are well-positioned to attract new business globally across these sectors. We are building on our established capabilities while competing with Chinese, European, and other key global suppliers. We aim to further utilize our existing product and technology capabilities to serve new clients and build a comprehensive product portfolio.

Strategic inorganic acquisitions to complement and enhance capabilities – Building capabilities to manufacture large components; acquiring technologies to achieve full stack production capabilities reducing external dependencies

We are actively pursuing strategic acquisition opportunities that align with our long-term vision to drive accelerated growth and innovation. Some of these opportunities have been identified through client recommendations, as key customers have suggested companies within their supply chain that possess essential product qualifications in our core product areas or capabilities that are crucial for them. By acquiring businesses with complementary technologies and manufacturing capabilities, we aim to strengthen our ability to produce large, complex components and achieve full-stack production capabilities. These acquisitions are aimed to reduce external dependencies, enhance vertical integration, and improve operational efficiency for our business.

Technology-led optimization driving cost and operating efficiencies – Underpinned by automation, lean manufacturing, quality enhancement, improved capacity utilization, and economies of scale

A core pillar of our operational strategy is to leverage technology to enhance efficiency, reduce costs, and improve overall productivity. We aim to achieve this through key initiatives such as lean manufacturing, value-stream mapping, automation, process engineering, improved capacity utilization, and economies of scale. Through these efforts, we endeavour to optimize operations and lower costs.

Strategic geographical expansion ensuring co-location with manufacturing footprint of key global OEMs – MoU signed for expansion into Saudi Arabia

To enhance our global presence and better serve multinational OEMs, we are exploring strategic expansion of our manufacturing footprint in key regions. These opportunities have been driven by recommendations from key clients, highlighting their priorities and need for localized production in certain geographies. A major step in this direction is the signing of a memorandum of understanding for expansion into Saudi Arabia with one of our key clients in the oil and gas vertical. This move aligns with our goal of supporting the strategic growth objectives of our customers, strengthening relationships, and ensuring improved supply chain efficiencies. By establishing these facilities, we aim to position ourselves as a preferred strategic growth partner, further enhancing our global competitive advantage.

Leveraging core competencies to provide end-to-end production capabilities – Manufacture, assembly, and integration of ATGG (Advanced Turbo Gas Generator)

We aim to reinforce our position by offering a full spectrum of production capabilities, ranging from the manufacturing of highly engineered, mission-critical, and life-critical components to moving up the value chain into sub-assemblies, assemblies, and final integration. An example of this is our role as a development and production partner in the manufacture, assembly, and integration of the advanced turbo gas generator, a national indigenization project for this engine. With this approach we aim to expand our capabilities and total addressable market while strengthening our value proposition in the industry.

Expanding into manufacture of higher-value products along the client value chain – Includes advanced gas, steam and nuclear turbines and landing gears among others

As part of our strategy to move up the value chain, we are focusing on high-value segments, enhancing our revenue potential and positioning ourselves as a key supplier for highly regulated sectors that require advanced engineering solutions. With this expansion, we aim to align more closely with our clients' evolving needs, fostering long-term partnerships and driving sustained business growth.

Our Business Operations

Our Company is engaged in the manufacturing of complex and highly engineered precision forged and machined components that are mission and life-critical and assemblies with close tolerances (in microns) to serve projects through our advanced manufacturing facilities, which include:

- Precision forging and precision machining;
- Assembly and testing (non-destructive and destructive);
- Special processes and specialized fabrication; and
- Quality clinic

Some of the components being manufactured by us have been indigenously developed for onward usage by our customers in the field of energy (including natural gas, nuclear (clean energy), thermal energy), aerospace and defence and oil and gas industries in India and globally.

Select Financial Information

The table below sets out some of our Company's financial metrics as at and for the nine months ended December 31, 2024 and the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	As at and for the nine months ended December 31, 2024	As at and for the Fiscal ended March 31, 2024	As at and for the Fiscal ended March 31, 2023	As at and for the Fiscal ended March 31, 2022	CAGR (From Fiscal 2022 to Fiscal 2024)
Revenue from operations[(1)] (₹ in million)	3,304.28	3,407.71	2,516.75	1,944.67	32.38
Revenue Growth[(2)] (year on year) (%)	-	35.40	29.42	58.46	NA
Adjusted EBITDA[(3)] (₹ in million)	1,192.97	1,187.27	795.44	631.65	37.10
Adjusted EBITDA margin[(4)] (in %)	36.10	34.84	31.61	32.48	NA
Profit for the year/period (₹ in million)	617.25	585.80	84.73	294.57	41.02
Profit for the year/period Margin[(5)] (in %)	18.68	17.19	3.37	15.15	NA
Revenue from exports (₹ in million)	3,067.88	2,981.82	2,023.08	1,518.17	40.15
Revenue from exports as a percentage of Revenue from Operations (in %)	92.85	87.50	80.38	78.07	NA

Particulars	As at and for the Fiscal ended March 31, 2024	As at and for the Fiscal ended March 31, 2023	As at and for the Fiscal ended March 31, 2022
Return on Capital Employed (ROCE)[(5)] (%)	18.77	12.99	16.95
Adjusted Return on Capital Employed (AROCE)[(6)] (%)	27.98	22.05	28.31
Net debt to Equity[(7)]	N.A.	1.22	1.50

Notes:

(1) Revenue from operations is total revenue generated by our Company from the sale of products, sale of services and other operating revenue – scrap sales.

(2) Revenue growth represents the growth in revenue from operations for the year / period of our Company.

(3) Adjusted EBITDA is Adjusted EBITDA is calculated as EBITDA plus fire incident, fire restoration cost, fire insurance – premium, ECL, foreign currency, professional and consultancy charges towards Hamuel litigation and COVID loss.

(4) Profit for the year/period Margin is calculated as profit after tax as a percentage of revenue from operations.

(5) Return on Capital Employed (%) is calculated as EBIT divided by Capital Employed. EBIT is calculated as restated profit after tax for the year/ period plus total tax expense plus finance costs and Capital employed is calculated as the sum of Total Equity, Current Borrowings, and Non-current borrowings.

(6) Adjusted Return on Capital Employed (AROCE) is calculated as EBIT plus other income divided by adjusted average capital employed, which is defined as shareholders' equity plus total borrowings (current & non-current) and lease liabilities (current & non-current).

(7) Net Debt to Equity is calculated as Net Debt (non-current borrowings plus current borrowings minus cash and cash equivalents minus bank balances) / Equity (equity share capital plus other equity).

Our Business Verticals

Energy

Airfoils/ blades are one of the most critical three dimensional ("**3D**") rotating and stationary parts of a turbine in the compression section. These are used in generation of energy by means of natural gas, nuclear (clean energy) and thermal operations. To sustain the high pressure, airfoils/ blades are made up of exotic/ super alloys and manufactured with a unique process designed by our Company.

These are highly engineered and complex parts which have a high entry barrier in terms of qualification (Source: *EY Report*). We have developed our stage-wise process engineering to manufacture and produce these components with in-house process of forging and machining turbines blades by designing and manufacturing, inter alia, forging dies, tooling and fixtures.

Brief overview of types of turbine energy plant components manufactured by us are set out below:

Key components manufactured by us in the energy industry are set out below:

Aerospace and Defence

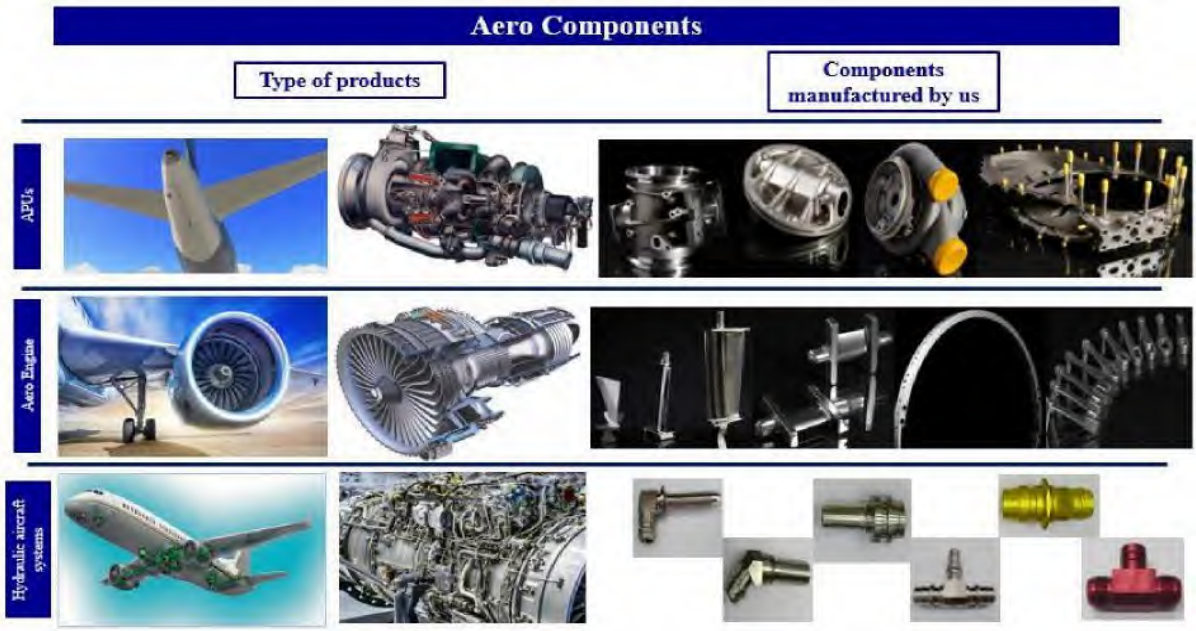
We manufacture medium and highly complex precision components, assemblies/ sub-assemblies that are mission-critical for application of civil and military platforms such as airfoils/ blades for aircraft engines and APUs, body valve, housing mount, housing compressor, fan blisk, mixed flow impeller, housing fan, shell and housing, aero structures, turbine wheel, nozzle, unison rings, lever arms, hydraulic, fuel inerting, flight control, actuating system and others. These parts are widely made from investment castings, forgings, bar stock, tubes and plates and have a wide spread of usage in various commercial and military platforms. The sub-assemblies comprise of processes including stringent machining, testing, special processes and thermal spray coatings such as high-velocity oxygen fuel coating.

We also manufacture industrial aerospace standard fluid distribution parts, integrated into the aircraft hydraulic systems which spans from nose to tail and left to right ends of the wing of an airplane, for the functioning of all the synchronised hydro pneumatic system. We have developed technology to qualify and test fluid distribution system parts of aerospace.

The aerospace fluid distribution parts have approved design to produce from precision forging and bar stock. Forging equipment is of servo control screw type technology and produces control features where parts are used in as finished condition. The materials of construction include steel, aluminium, titanium, super/ exotic alloy and copper alloys of aircraft quality. These parts are manufactured and tested to perform at elevated environments as defined by aerospace standards. For supplying of these parts to end customers, specific parts are required to be qualified by the Performance Review Institute and Qualified Manufacturers List Program.

The products are examined, tested, and evaluated for conformance with standard/ specification requirements and listed on the qualification product list as a qualified product for the specific standard/ specification. The procurement of qualified products reduces the risk of product failure to meet specification requirements. The qualification process to validate and certify the performance of the parts are done with various tests and qualifications. The test equipment for all tests were designed and built indigenously to meet the aerospace standards and qualified to the requirement of certifying bodies like NABL.

Brief overview of aero components manufactured by us are set out below:



Oil and Gas

We have ventured into the oil and gas industry owing to our focused precision manufacturing abilities. We believe that this industry plays a crucial role as oil and natural gas are used for various purposes, including transportation, electricity generation, heating, and manufacturing. This industry includes exploration, extraction, refining, and distribution of fossil fuels, primarily oil and natural gas.

Our presence is in the following sub-industries:

- Upstream: This sector involves exploration and production of oil and natural gas. It begins with geological surveys to identify potential reserves and then drilling wells to extract these resources. Upstream activities can take place onshore or offshore, including by means of deep-water drilling.
- Midstream: The midstream sector focuses on the transportation and storage of crude oil and natural gas. Pipelines, tanker ships, and storage facilities are essential components. Natural gas processing plants remove impurities and separate natural gas liquids from the raw gas.

We manufacture, *inter alia*, flex shafts, bonnets, frames, safety valves, hatch covers, slips and drill bits for our customer base, brief details of which are set out below:

Our Products

Some of the parts being manufactured by our Company in the industries we operate in are set out below:

Industry	Type of Product	Parts
Energy	Gas, nuclear and thermal turbine parts	Airfoils/ blades, rotor and stator, combustion components, engine accessories, fasteners and hardware and special machined parts
Aerospace and defence	Aircraft engine. Aircraft accessories, helicopter, SPU, space and missile components	Airfoils/ blades, housings, wings, rings, shrouds, casings, assemblies and sub-assemblies of APUs, hydraulic and actuator systems
Oil and gas	Drilling and completion services	Airfoils/ blades, combustion components, drill bits, slips, reamers, flex shaft, bonnet, frames, safety valves, rings, and hatch cover

Further, some of our proven capabilities in the commodities being manufactured by us are set out below:

- Airfoils/ blades;
- Unison rings and lever arms;
- Impeller, blisk, stator and rotor;
- Flight control systems;
- Casings and housings;
- Critical engine sub-systems/ systems;
- Special machining parts;
- APUs sub-systems/ systems;
- Fasteners (end two flange ("**ETF**"), interior two flange ("**ITF**") and specialty);
- Diaphragms and nozzles;
- Drill bits;
- Slips and rings;
- Shafts and frames; and
- Combined pneumatic and hydraulic systems

We have five manufacturing facilities located in Hyderabad, Telangana:

- Unit 1 – Pashamylaram Industrial Park: Precision forging, heat treatment, testing lab, special processes and raw material warehouse.
- Unit 2 – Phase - I, Jeedimetla Industrial Development Area: Corporate office and main manufacturing facility with support functions.
- Unit 3 – Phase - V, Jeedimetla Industrial Development Area: Manufacturing facility with support functions.
- Unit 4 – Phase - I, Jeedimetla Industrial Park – Jeedimetla Industrial Estate: Manufacturing facility with support functions.

- Unit 5 - Phase - V, Jeedimetla Industrial Development Area: Manufacturing facility with support functions.

Our Manufacturing Facilities, Process and Capabilities

Our manufacturing facilities have received or are in the process of receiving accreditations, including:

- ISO 9001:2015 certification for our Company's quality management system for manufacture of aerospace and defence, energy, and oil and gas parts;
- ISO/IEC 27001:2013 information security management system ("**ISMS**") certification for our Company's information management system for control of information (internal and external, including but not limited to customer properties along with support functions);
- AS9100:2016 certification for our Company's quality management systems for aviation, space and defence organisations;
- ISO 14001:2015 environmental management system ("**EMS**") (certification is awaited and is subject to audit) and 45001: 2018 occupational health and safety assessment series ("**OHSAS**") certifications for our Company's quality management system to ensure environmental health and safety of our facilities (certification is awaited and is subject to audit);
- Accreditation for specific services on the qualified manufacturer's list for fluid distribution systems from National Aerospace and Defence Contractors Accreditation Program ("**NADCAP**").
- ISO/IEC 17025:2017 certification for 'General Requirements for the Competence of Testing & Calibration Laboratories' issued by the National Accreditation Board for Testing and Calibration Laboratories in the field of testing.

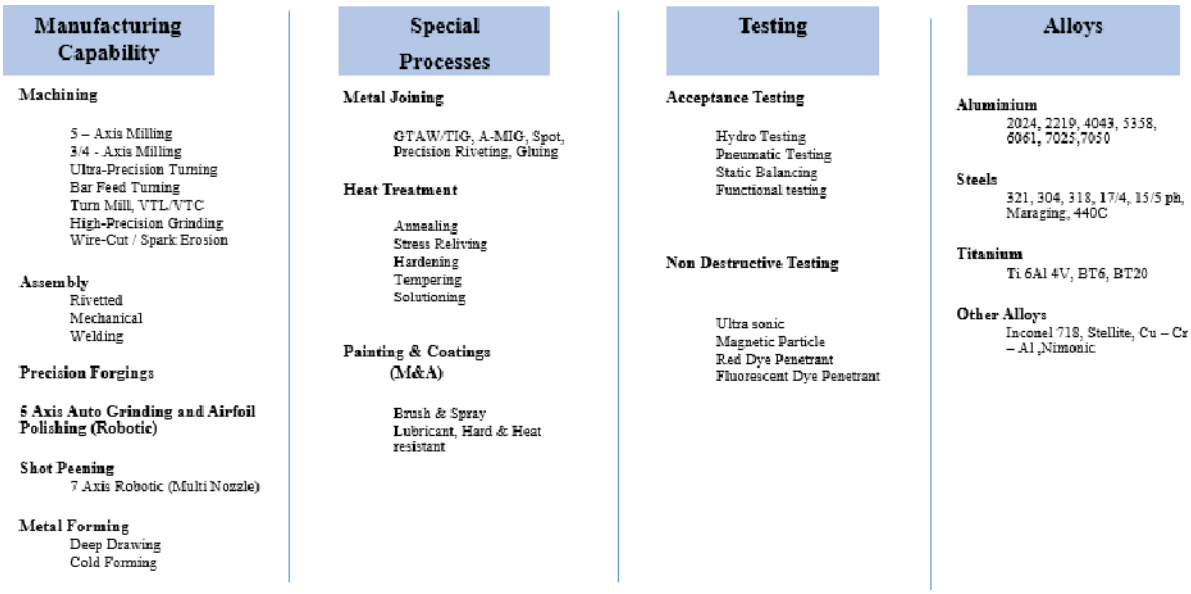
The following table sets forth the installed capacity, actual production, and utilization of our manufacturing facilities for the periods indicated. Given that our products undergo customisation to meet specific customer requirements and have varying shapes and weights, we are unable to determine the capacity on a product-by-product basis:

As of and for the nine month ended December 31, 2024			As of and for the Fiscal ended March 31, 2024			As of and for the Fiscal ended March 31, 2023			As of and for the Fiscal ended March 31, 2022		
Annual installed capacity (hrs)@	**Annual Actual Production (hrs) @**	**Capacity utilization (%)@**	**Annual installed capacity (hrs)@**	**Annual Actual Production (hrs) @**	**Capacity utilization (%)@**	**Annual installed capacity (hrs)@**	**Annual Actual Production (hrs) @**	**Capacity utilization (%)@**	**Annual installed capacity (hrs)@**	**Annual Actual Production (hrs) @**	**Capacity utilization (%)@**
90/C, 90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad 500 055, Telangana, India											
4,93,371	4,10,346	83.17	5,70,550	4,97,114	87.13	3,21,398	2,73,799	85.19	3,64,190	3,01,101	82.67
Industrial shed No. D-42 and 43, T.S.I.I.C, Industrial Development Area, Phase - V, Jeedimetla Industrial Park, Quthbullapur Mandal, Medchal - Malkajgiri District Hyderabad 500 055, Telangana, India											
2,05,316	1,83,934	89.59	2,57,963	2,23,086	86.48	2,34,804	2,07,842	88.51	1,00,708	85,727	84.67
Industrial Plot No. 63/A, T.S.I.I.C, Industrial Development Area, Phase – I, Jeedimetla Village, Industrial Park, Quthbullapur Mandal, Medchal - Malkajgiri District, Hyderabad 500 055, Telangana, India											
80,957	74,164	91.61	95,308	83,490	87.60	23,612	18,351	77.71	-	-	-
Plot No.17/B, Phase - III, Industrial Park, Pashamylaram, Patancheru, Medak 502 205, Telangana, India* **											
-	-	-	-	-	-	-	-	-	-	-	-
Plot No. D-30 & 31, Phase – V, Industrial Development Area, Jeedimetla, Medchal – Malkajgiri District, Hyderabad 500 055, Telangana, India											
7,236	6,327	87.43	-	-	-	-	-	-	-	-	-
TOTAL											
7,86,881	**6,74,770**	**85.75**	**9,23,820**	**8,03,690**	**87.00**	**5,79,814**	**4,99,992**	**86.23**	**4,64,898**	**3,86,828**	**83.21**

@ As certified by Posinasetty Kanaka Rao, independent chartered engineer by their certificate dated February 25, 2025.

**** This is an intermediate facility which supports the other facilities listed above and does not produce any finished goods. Accordingly, relevant capacity utilisation data is not available for this facility.*

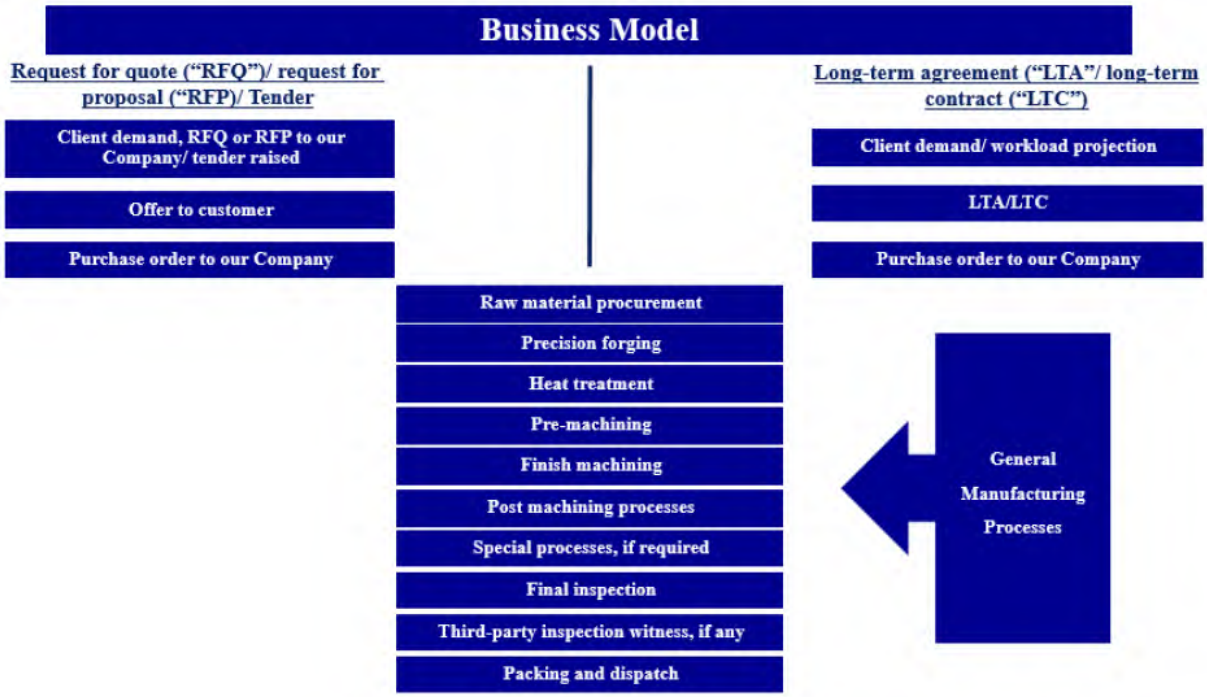
Set out below is an overview of our manufacturing capabilities, including the special processes undertaken by us, our testing actions and raw material alloy usage:



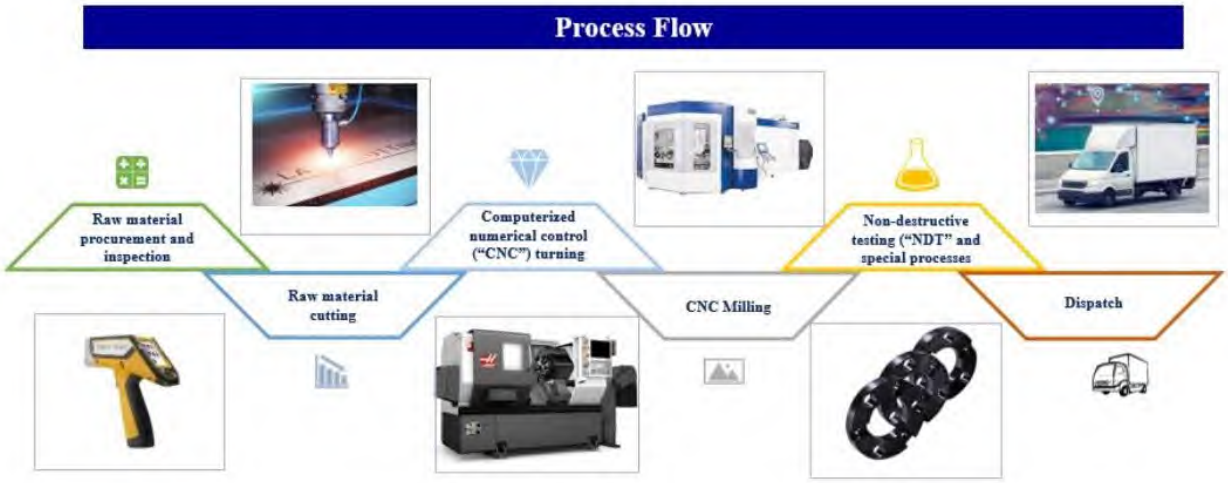
In view of the various projects being undertaken and the different kinds of products being manufactured by us, the manufacturing lifecycle of such projects and products may be different. However, set out below are the processes that are broadly followed by us for manufacturing of precision parts or complex sub-systems.

- Upon the receipt of orders from our customers, such purchase orders are verified in terms of technical and commercial terms, post which order acceptance is provided by our Company.
- The next step involves creation of work order by means of our Enterprise Resource Planning ("ERP") management system and communication to relevant stakeholders.
- Following the creation of work order, a kick-off meeting with customer and internal cross functional team is arranged to attain concurrence between the team and customer (this involves internal and external stakeholders).
- Thereafter, a manufacturing quality plan is prepared based on the relevant drawings and the same is checked and authorised by the appropriate personnel. This is followed with a technical review to study and understand the resource requirements of the project.
- After that, our methods and engineering team and quality team commences with preparation of individual stage wise drawings, process flow chart, manufacturing quality control plan, failure mode effect analysis for setting up mitigations to the critical processes, stage inspection reports, final inspection report, critical to quality ("CTQ"), measurement system analysis ("MSA"), and other production part approval process ("PPAP") deliverables along with route card for manufacturing processes with required fields to record during the live process.
- All manufacturing documents are reviewed and approved by the cross-functional team (engineering, production and quality) for release to realization and shared with the respective process owners.
- Raw materials such as aluminium, stainless steel, precipitated hardened steel, titanium, inconel and other super alloy/ exotic alloy grades required to manufacture the components are sourced from customer-approved sources or our Company approved-sources depending on the project requirements and expectations. Such suppliers are finalised based on cost, quality and on-time delivery following which, the purchase orders are released by our Company. Upon receipt of satisfactory results post reviewing documents received from the supplier, our Company approves consignment shipment.
- After procurement of raw materials, the components are manufactured by us as per stringent manufacturing process plans ("MPP") while ensuring in-process quality inspection as set out in the manufacturing documents.
- Upon the completion of the manufacturing process, our quality engineers undertake final inspection and provide disposition on the same.
- Thereafter, the components are assembled into sub-assemblies and assemblies, and tested to ensure that the end-product meets customer specifications.
- Subsequently, the products are dispatched on determination of the products meeting customer requirements and issuance of shipping release by the customer.

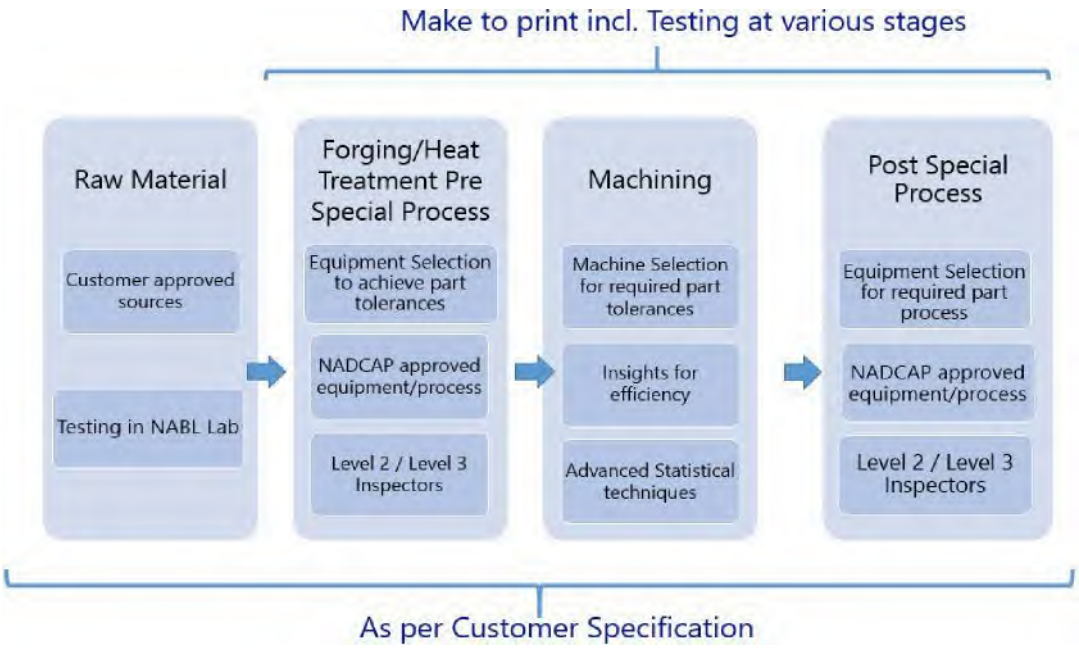
Details of our business model are set out below, where purchase orders are received by our Company pursuant to the request for quote ("**RFQ**")/ request for proposal ("**RFP**") or tenders or long term agreements ("**LTA**")/ long term contracts ("**LTC**") methods. Brief details are set out below:



Brief details of our process flow are set out below:



Brief details of our "make to print" manufacturing process which includes relevant testing activities at various stages is set out below:



Raw material

Raw material costs comprise our second largest expense and include purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition constitute the most significant portion of our expenses. Our cost of materials consumed for Fiscals 2022, 2023 and 2024 and the nine months ended December 31, 2024 were 376.10 million, ₹495.22 million, ₹667.63 million and ₹753.71 million, representing 18.87%, 18.94%, 17.91% and 22.32% of our total income respectively. Cost of materials consumed primarily consists of the cost of raw materials that we consume in the manufacture of our products (our primary raw materials are exotic alloys such as titanium, nimonic and inconel, castings, specialised steel and aluminium.

We primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, either from suppliers stipulated by our customers or those suggested by us and approved by our customers.

We currently import some of our raw materials, plant, machinery and components from various countries including the Taiwan, Italy, Germany, United States of America and Austria. While we have not yet faced any disruptions due to government conditions on trade practices, we cannot assure you that we will not face such disruptions in the future. Any such disruptions due to government restrictions on trade in the future could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Details regarding such raw material imports for the for the nine months ended December 31, 2024 and for the Fiscals 2024, 2023 and 2022 are set out below:

(in million, except as otherwise stated)

Importing Countries	**Nine months ended December 31, 2024**		**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Cost of raw materials sourced	**% cost of raw materials sourced (import)**	**Cost of raw materials sourced**	**% cost of raw materials sourced (import)**	**Cost of raw materials sourced**	**% cost of raw materials sourced (import)**	**Cost of raw materials sourced**	**% cost of raw materials sourced (import)**
Taiwan	124.56	34.03	224.99	50.20	79.56	32.28	72.33	30.61
USA	69.41	18.96	28.74	6.41	21.08	8.56	22.49	9.52
Italy	-	-	47.02	10.49	21.94	8.90	71.19	30.12
UK	89.00	24.32	64.41	14.37	39.39	15.99	13.99	5.92
Austria	-	-	-	-	-	-	29.07	12.30
Germany	0.10	0.03	0.38	0.08	53.90	21.88	18.46	7.81
China	49.93	13.64	41.39	9.23	21.27	8.63	6.71	2.84
Others	33.01	9.02	41.35	9.23	9.26	3.76	2.08	0.88
Total purchase of raw material (import)	**366.01**	**100.00**	**448.28**	**100.00**	**246.40**	**100.00**	**236.32**	**100.00**

Importing Countries	Nine months ended December 31, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Cost of raw materials sourced	% cost of raw materials sourced (import)	Cost of raw materials sourced	% cost of raw materials sourced (import)	Cost of raw materials sourced	% cost of raw materials sourced (import)	Cost of raw materials sourced	% cost of raw materials sourced (import)
Total purchase of raw material	**925.24**	**NA**	**944.54**	**NA**	**543.46**	**NA**	**417.19**	**NA**

Quality Control

Quality control and assurance is a vital component of our manufacturing processes and we follow stringent quality barometers expected by our customers globally. Our robust quality systems are guided and validated pursuant to ISO 9001:2015 quality management system with regular functioning, monitoring and continuous improvements in accordance per these standards. Our quality team is trained with the modern and best-practices and are committed to exceeding expectations of interested parties.

A brief overview of our quality function is set out below:

- Detailed steps to understand stated and implied requirements and expectations of interested parties;
- Strict implementation of industry and customer specification in all process steps, including for incoming materials, in-house operations or special processes;
- Modern statistical analysis to monitor and improve the process parameters;
- Using a six sigma approach for process improvements; and
- Using a supportive approach to downstream specific requirements while ensuring strict compliance to requisite codes and standards.

Distribution and Logistics

Our entire manufacturing supply chain is reliant on logistical excellence. Our commitment to delivering the goods on-time and at the right location stems out of our efficient logistics systems. We've developed a strong logistics network comprising of logistics partners under our own procedures and policies. Our logistics team efficiently manages shipping, customs and domestic road transportation. Further, our logistics procedures and standard operating manuals meet the international guidelines on Incoterms 2020.

Salient features of our logistics management system include:

- Inward logistics management: We have experienced logistics managers backed by standard operating procedures to handle all inward logistics.
- Outward logistics management: Our wide network of partners ensures timely delivery of goods.
- Logistics partners surveillance: Regular surveillance is conducted on our logistics partners to ensure efficient service and detecting any advance threats.
- Custom handling: Our logistics personnel are geared up with latest guidelines issued by the Government of India to liaison for clearances with Directorate General of Foreign Trade and Central Board of Indirect Taxes and Customs.
- Advance authorization and Export Promotion Capital Goods Scheme license: We regularly export to global OEMs and have long-term experience of handling advance licenses for import of raw materials. Further, machines are imported under Export Promotion Capital Goods Scheme licensing program.
- Export house status: We have been awarded the title of "Star Export House" by Directorate General of Foreign Trade.

Supply Chain

Our supply chain is well integrated into ISO 9001:2015 management system with regular functioning, monitoring and continuous improvements in accordance with these standards. Our integrated supply chain is capable of handling global purchase of raw materials, special processes, in-bound and out-bound warehousing and logistics.

Our supply chain functions in accordance with leading standards by ensuring the following:

- Selection and monitoring of suppliers with experienced personnel having decades of experience in this area;
- Special process supplier panel management in line with Performance Review Institute's published data;
- Sub-contracting management with scientifically laid out selection and monitoring criteria;
- Contract management with suppliers on OEM panels;

- Close monitoring of quality, cost and delivery coming from suppliers; and
- Development of localized competence with the objective of improving supply chain performance.

Sales and Marketing

Our sales, business development, and marketing teams serve as integral pillars within our growth function. Our professionals are dedicated to nurturing enduring, robust connections with the leadership teams of our valued clients. This strategic synergy enables us to attain insights into their precise requirements, resulting in our distinction as a strategic growth supplier for numerous esteemed clients.

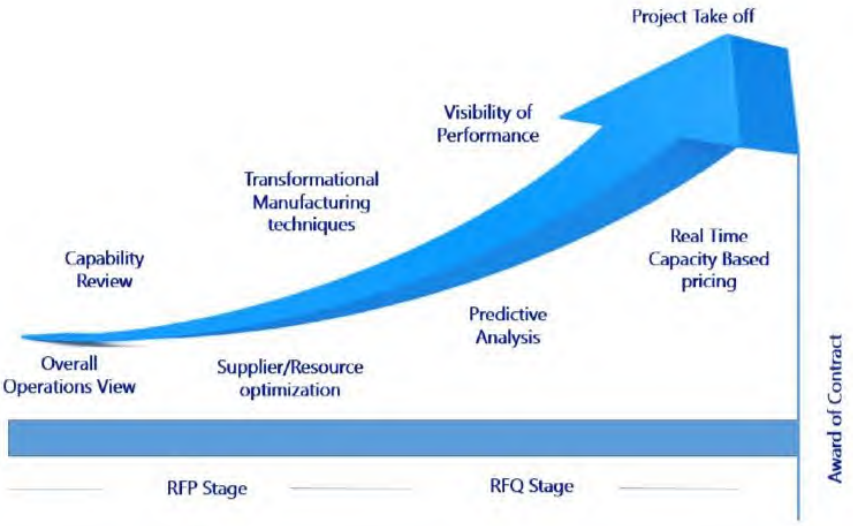
We have export sales in 13 countries in the period between March 31, 2022 and December 31, 2024 with players in the energy, aerospace and defence, and oil and gas industries. Through a seamless process of ongoing engagement and long-standing relationships, our teams collaborate closely with the leadership of our clientele. Customer insights are interwoven with our engineering and design teams, ensuring that our offerings consistently align with the requisite specifications and industry regulations.

Our commitment to cultivating customer relationships extends beyond traditional approaches – we organise regular site visits, training programs for our technical experts at our own facilities, active participation in international client gatherings, conferences and exhibitions. This proactive involvement ensures that our teams are finely attuned to the distinctive challenges and requirements of our valued clients. By maintaining an active presence in industry exhibitions, we have established ourselves as trusted partners to our customers' leadership teams.

On receipt of any enquiry/ RFQ/ tender, the same is registered in the enquiry register. To verify the input, we initiate RFQ for feasibility study by conducting an enquiry review which fulfils the following criteria:

- Whether all product related input required for the stated enquiry is available;
- Whether any statutory and regulatory requirements related to product is stated;
- Whether we have the required capabilities for meeting the product requirements;
- Whether any new technology or new resource is required;
- Whether the lead time for the new product development or delivery is sufficient;
- Whether any difference is found compared to previous orders; and
- Whether conditions not stated but need to accomplish for the specified and intended use

Based on the above checks, the enquiry review is submitted to our marketing head for approval and to record the decision/ analysis in relation to the same. If the scope of requirements is not feasible, then the enquiry review is escalated to the for decision on missing requirements. This is also discussed with customers for further recommendations. We identify the risks involved in the enquiry/ RFQ/ tender and enter the same in enquiry review. If the risks are preventable/ acceptable then we prepare the costing requirements and submit them to the marketing head. The cost estimation is done in accordance with the requisite procedures and the records are maintained by estimation and costing team. The cost is arrived at based on an estimation sheet and quotation is prepared and approved by the designated authority. We submit the commercial quotes along with terms and conditions to our customer. Upon receipt of the order from customers, we verify the order to confirm if it in line with the quote.
Set out below is a brief review of our sales and marketing activities:



Our Customers

Our customers belong to a diverse range of high-entry-barrier industries that have stringent quality and qualification requirements which require significant capital investments and constant innovation. For further details see " – *Our Strengths – Long-standing and deep customer relationships*" on page 110.

Description of contracts

We received purchase orders pursuant to (a) RFQs/ RFPs, (b) LTAs/ LTCs, and (c) tenders.

While we have long-term agreements with certain customers ranging from a period of five to ten years, in accordance with such long-term agreements, we may not have any recourse in the event of an unexpected delay or cancellation of such agreements. Certain of our customer contracts and purchase orders may have penalties/ damages in relation to delayed/ late delivery or delivery of defective products in accordance with such agreements/ contracts. Certain contract requires to give first preference of product delivery to favoured customers. Further, in certain contracts there is a reference to few machineries being booked for specific customers.

We are also liable to our customers on procurement of raw materials from non-approved sources. We may also be required to replace a supplier if its products do not meet our customer's safety, quality or performance standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions. Further, some of our agreements/ contracts may be terminated by our customers, including without cause.

We may also be required to undertake price reduction in certain cases on a year-on-year basis under some of our agreements/ contracts. Further, in certain cases, we may be required to demonstrate cost-efficiencies over time and provide reduced costs on the product under some of our agreements/ contracts. We are also bound by confidentiality obligations under our customer contracts, violation of which could result in legal actions by our customers.

Customer case studies:

- Recently we have partnered with and have entered into a long-term supply agreement with a global OEM which has engaged us for the manufacture of critical rotating parts for nuclear energy turbines. We have received a qualified status from this company pursuant to us satisfying the stringent technical and safety requirements which act as a high-entry barrier for players in this industry. Despite the significant expenses associated with qualifying this manufacturing partner, we have demonstrated efficiency pursuant to machining time reduction, which we believe is our competitive strength against manufacturers from China, Europe, USA and Japan.

We have initiated a dedicated facility for Mitsubishi Heavy Industries, Ltd. to manufacture airfoils/ blades and other products, a testament to our relationship with this customer. Our Company and Mitsubishi Heavy Industries, Ltd.'s journey commenced in 2012 with a few machines, progressed to an exclusive bay in one of our current manufacturing facilities, and is now evolving into a forthcoming manufacturing facility being setup exclusively for this customer. This facility will be a part of our Company's upcoming 'Centre for Excellence and Innovation Centre'. Currently, we manufacture and supply airfoils/ blades and other special machined parts for Mitsubishi Heavy Industries, Ltd.'s gas and thermal energy turbines. We have also received a "Certificate of Appreciation" award from Mitsubishi Heavy Industries in Fiscal 2022 for our efforts and performance.

ESG

We are committed to meet current requirements without compromising the needs of future generations and ensure participation in environmental, social and governance ("**ESG**") initiatives. We combine economic, environmental and social factors in our operation and our business decisions. Our product and the manufacturing processes require us to comply with various environmental laws and regulations. We follow all the statutory and regulatory requirements, as applicable, and do ensure the interested parties are engaged in these activities. We have not been subject to legal proceedings or fines by any regulatory firms and have no pending actions. Our policies are laid with sustainability goals that are monitored to abide by the environmental laws and regulations.

We are committed to promote equality in our employment practices and to fair employment and remuneration policy in compliance with applicable laws. We are firmly opposed to employ or contract child or slave labour or any form of forced or compulsory or bonded labour. We condemn all forms of illegal, unfair, unethical labour practice that exploits workforce, destroys social security or serves as tax evasion, including but not limited to undeclared and "grey" work or holding back wages.

Our relationships with business partners are built upon trust and mutual benefits compliant with competition law. We are dedicated to ethical and fair competition, as we sell products and services based on their quality, functionality and competitive pricing. We provide a safe and healthy working environment and, if applicable, safe and to operate in an environmentally

responsible and efficient manner. All required permits, licenses and registrations are obtained, maintained and kept up to date in the ordinary course of business.

Intellectual Property

Our intellectual property includes one domain name and applications have been made for two trademarks (device and word) i.e., our corporate logo "

" and "*AZAD ENGINEERING*" (applications numbers 2354716 and 5810054) which have been opposed and objected respectively. Our domain name will expire on May 19, 2031.

For further details of the risks related to our intellectual property, see "*Risk Factors – If we are unable to obtain, protect or use our intellectual property rights, our business may be adversely affected.*" on page 60.

Competition

We are one of the key manufacturers of our qualified product lines in the energy, aerospace and defence, and oil and gas industries, manufacturing highly engineered, complex and mission and life-critical components (*Source: EY Report*). We compete with manufacturers from China, Europe, USA and Japan (*Source: EY Report*).

We face competition from larger global manufacturers; however, we believe that our expertise in manufacturing complex and highly engineered precision forged and machined components and our process efficiencies and long-standing customer relationships act as a competitive strength.

Information Technology

We have positioned ourselves as a technology-driven and innovative company within the energy, aerospace and defence, and oil and gas industries. Our aim of automating every single process is achieved by implementing manufacturing execution systems to increase the overall production efficiency and shorten the time to produce with enhanced quality along with reducing downtime and idle time. Further, our legacy data is in the process of moving from an existing system to a new enterprise resource planning database. We are committed to upgrade our information technology systems in a timely fashion to ensure business continuity and process efficiency.

Insurance

We maintain insurance policies for our manufacturing facilities, our operations and our personnel, including standard fire and special perils, burglary, group health and group personal accident insurance.

CSR

We have instituted a corporate social responsibility policy which encompasses our Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large. As part of our corporate social responsibility efforts, we strive to focus on (a) hunger, poverty malnutrition and health, (b) education, (c) gender equality and empowerment of women, (d) environmental sustainability, (e) national heritage, art and culture, (f) benefit of arms force veterans, (g) promotion of sports, (h) contribution to relief funds, (i) contribution to research, (j) contribution to universities, (k) rural development projects, (l) slum area development, and (m) disaster management.

For the nine months ended December 31, 2024 and Fiscals 2024, 2023 and 2022 we spent ₹ 7.10 million, ₹ 5.00 million, ₹8.52 million and nil, respectively on CSR activities.

Employees

We endeavour to be an employer of choice by fostering an environment of aspirational goal setting, continuous improvement, in addition to providing health and safety with corporate responsibility. As of December 31, 2024, set out below are details of our employees:

Department	No. of employees
Production	505
Quality control	264
Polishing	140
Engineering	68
Maintenance	38

Department	No. of employees
Administration	28
Quality assurance	40
Planning	34
Stores	33
Forging	29
Business development and projects	27
Tool store	15
Accounts	12
Cutting	11
Purchase	10
Heat treatment	6
Systems and development	6
Human resources	4
Operations	16
Information technology	8
Logistics	4
Special process	10
Business and strategy	2
Legal and secretarial	2
Supply chain management	5
Total	**1,317**

Properties

The following table sets forth the details of our Registered and Corporate Office and manufacturing facilities:

S. No.	Address	Description and Usage	Ownership status	Tenure of Lease
1.	90/C, 90/D, 90/E, Phase 1 I.D.A, Jeedimetla, Hyderabad 500 055, Telangana, India[*]	Registered and Corporate Office and main manufacturing facility	Leased land	September 1, 2024 until August 31, 2033 and March 1, 2024 until February 28, 2034
2.	Industrial shed No. D-42 and 43, T.S.I.I.C, Industrial Development Area, Phase - V, Jeedimetla Industrial Park, Quthbullapur Mandal, Medchal – Malkajgiri District Hyderabad 500 055, Telangana, India	Factory – manufacturing	Leased land	September 14, 2024 until September 14, 2026
3.	Industrial Plot No. 63/A, T.S.I.I.C, Industrial Development Area, Phase – I, Jeedimetla Village, Industrial Park, Quthbullapur Mandal, Medchal - Malkajgiri District, Hyderabad 500 055, Telangana, India	Factory – manufacturing	Leased land	August 6, 2024 until June 30, 2026
4.	Plot No.17/B, Phase - III, Industrial Park, Pashamylaram, Patancheru, Medak 502 205, Telangana, India	Factory – precision forging, testing, heat treatment, and RM warehouse	Owned land	N.A.
5.	Plot No. D-30 & 31, Phase – V, Industrial Development Area, Jeedimetla, Medchal – Malkajgiri District, Hyderabad 500 055, Telangana, India	Factory - manufacturing	Leased land	May 1, 2025 until April 31, 2027

[*]*Our Promoter has entered into two share purchase agreements each dated September 16, 2024 to purchase 13,150 equity shares and 50,350 equity shares of our Erstwhile Subsidiaries i.e., Swastik Coaters Private Limited and Rouland Chemicals Private Limited, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities, respectively. Swastik Coaters Private Limited and Rouland Chemicals Private Limited hold the free hold title to the land situated at Plot Number 90/C in Survey Numbers 298/A and 299/2, all situated at phase - 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal - Malkajgiri District, Telangana, India and Plot Number 90/D in Survey Number 299/2, situated at phase - 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal - Malkajgiri District, Telangana, India on which one of our current manufacturing facilities are situated (collectively, the "**Subject Land**)". Swastik Coaters Private Limited and Rouland Chemicals Private Limited have pursuant to lease deeds dated September 27, 2024, leased their respective portions of the Subject Land to our Company for a period of 10 years with effect from September 1, 2024 for a monthly lease rental of ₹0.12 million under each of the lease deeds, along with the applicable goods and services taxes applicable on such payment under both lease deeds with a 5% annual escalation. Further, our Company has paid ₹4.96 million each to Rouland Chemicals Private Limited and Swastik Coaters Private Limited, respectively, as security deposit under the lease deeds which is required to be refunded on termination or expiry of the lease deeds. Our Company has the right to terminate each of the aforesaid lease deeds at any time by giving 30 days' notice upon commencing commercial operations at our upcoming manufacturing facility at Tuniki Bollaram village in Siddipet district, Telangana. Further, our Company entered into a lease deed dated March 22, 2024 with Agrima Logi Park, a sole proprietary firm, represented by one of our Directors and member of our Promoter Group, Jyoti Chopdar for the land situated at Plot Number 90/E in Survey Number 299/2 situated at phase – 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal – Malkajgiri District, Telangana, India, along with the buildings thereon for a period of 10 years with effect from March 1, 2024.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Audited Consolidated Financial Statements and our Unaudited Consolidated December Interim Financial Results and Unaudited Consolidated September 2024 Financial Results in "Financial Statements" on page 95, respectively.

This Preliminary Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Preliminary Placement Document. For further information, see "Forward Looking Statements" on page 19. Also read "Business", "Industry Overview", "Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors" and "Selected Financial Information of our Company" on pages 96, 158, 95, 130, 40, and 33, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. The Audited Consolidated Financial Statements of our Company have been prepared in accordance with Ind AS. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 included herein is derived from the Audited Consolidated Financial Statements, the financial information for the nine months ended December 31, 2024 and December 31, 2023, included herein is derived from the Unaudited Consolidated December 2024 Financial Results and Unaudited Consolidated December 2023 Financial Results, respectively, and the financial information for the six months ended September 30, 2024, included herein is derived from the Unaudited Consolidated September 2024 Financial Results included in this Preliminary Placement Document. For further information, see "Financial Statements" on page 95.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "EY report on assessment of the components of energy turbine, oil drilling, aerospace & defence industry" dated February 21, 2025 (the "**EY Report**") prepared and issued by EY LLP, appointed by us on pursuant to engagement letter dated February 3, 2025 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with this Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the EY Report and included herein with respect to any particular year refers to such information for the relevant calendar/Fiscal, as applicable. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by EY exclusively commissioned and paid for by us for such purpose." on page 67.*

OVERVIEW

For information in relation to our business, see "*Our Business*" on page 96.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. The following is a discussion of certain factors that have had, and will continue to have, a significant effect on our financial condition and results of operations:

Market and economic conditions

We derive a significant portion of our revenue from sales of complex and high mix, low-to-medium volume highly complex systems, primarily supplying to our clients engaged in the energy, aerospace and defence and oil and gas industries in India and internationally. The level of demand for our products depends primarily on conditions in these sectors in our target markets which, in turn, depend to a large extent on general economic conditions in these markets. General economic factors that can affect demands in these sectors, and consequently demands for the products that we manufacture, include, among others:

- global and local economic or Fiscal instability;
- global and local Fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by customers to borrow money), foreign exchange rates and inflation rates;
- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region;
- cost of raw materials and labour;

- global and local political and regulatory measures and developments, such as tax incentives or other subsidies, and environmental policies;
- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market; and
- global oil prices, which impact the sectors in which our clients operate and consequently our industry

The cyclical nature of general economic conditions and, therefore, of such sectors means that our results of operations can fluctuate substantially from period to period. We expect that these economic factors and conditions in our industry, particularly changes in technologies, customer preferences, government policies and interest rates, will continue to be the important factors affecting our revenues and results of operations. Other factors, such as our competitiveness, quality and pricing, have an effect on our market share and our ability to win customers in competitive situations.

Preserving our long-standing customer relationships

We have existing relationships with both Indian and global OEMs. A large proportion of our revenue from operations arises from sales of our products to our customers. As key customers typically have specific requirements, we believe that our continued relationships with these customers plays a significant role in determining our continued success and results of operations. Our ability to develop and deepen our relationships with our customers has accelerated our growth and allowed us to enjoy a position of an industry leading manufacturer of highly engineered complex precision parts and critical components in India. We also focus on assisting customers meet their requirements across the spectrum of their engagement with us, including in terms of cost, productivity, product reliability and low time to market. This, together with our high delivery standards and performance excellence, has enabled us to acquire, service and deepen and lengthen our relationship with diverse range of high-level clients ranging from industry leaders to government undertakings.

Our domain expertise in various aspects such as precision engineering, research and development, as well as our adoption of technologically advanced and cost-competitive manufacturing processes have been instrumental in obtaining repeat orders from our key customer group. We have long-term agreements with certain customers ranging from a period of three to ten years, in accordance with such long-term agreements.

The demand for our products from our customers has a significant impact on our results of operations and financial condition. In the event that we lose one or more of our key customers or if the amount of business we receive from them is reduced for any reason or they commence production in India, our cash flows and results of operations may be affected. Our supply arrangements with our customers also require us to meet certain standards and performance obligations and our failure to meet such specifications could result in a reduction of business from them, termination of contracts or additional costs and penalties, all of which may adversely impact our results of operations and financial condition.

Raw material and labour costs

Raw material costs comprise our second largest expense and include purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition constitute the most significant portion of our expenses. Our cost of materials consumed for the nine months ended December 31, 2024 and December 31, 2023 and Fiscals 2024, 2023 and 2022 were ₹ 753.71 million, ₹ 473.51 million, ₹ 667.63 million, ₹ 495.22 million and ₹ 376.10 million, representing 22.32%, 17.08%, 17.91%, 18.94% and 18.87% of our total income respectively. Cost of materials consumed primarily consists of the cost of raw materials that we consume in the manufacture of our products (our primary raw materials are exotic alloys such as X-22, GTD-450, CB-403, titanium, nimonic and inconel, castings, specialised steel and aluminium.

We primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, either from suppliers stipulated by our customers or those suggested by us and approved by our customers.

Prices for these raw materials can be volatile and depend on commodity prices in the markets, which, in turn, depend on changes in global economic conditions, industry cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors. In addition to market fluctuations, our average raw material prices can be affected by contractual arrangements and hedging strategies, if any. Our suppliers are associated with us through purchase orders, and we do not enter into definite-term agreements with them. See "*Risk Factors – We depend on third party suppliers for raw materials, plant, machinery and components, which are on a purchase order basis. Such suppliers may not perform, or be able to perform their obligations in a timely manner, or at all and any delay, shortage, interruption, reduction in the supply of or volatility in the prices of raw materials raw materials, plant, machinery and components on which we rely may have a material adverse effect on our business, results of operations, financial condition, cash flows and future prospects.*" on page 43.

While in practice we have passed the increase in the cost of raw materials onto our domestic customers, our cash flows may still be adversely affected due to any gap in time between the date of procurement of those raw materials and the date on which we can reset the component prices for our customers so as to account for the increase in the prices of such raw materials. In addition, we may not be able to pass all of our raw material price increases to our customers. Our ability to adjust pricing terms with customers varies based on our specific customer relationships, market practice with respect to the particular raw material or component and other factors such as raw material content and whether medium-term price fluctuations have been factored into our component prices at the time of price finalisation. As a result, for some of our export customers, we may in some instances bear the risk of price increases that occur. Further, an increase in raw material prices may result in increased prices for our customers' products, which may in turn result in decreased demand for their products and, consequently, the components that we supply for their products.

Employee benefits expense comprise our largest expense. In the nine months ended December 31, 2024, December 31, 2023 and Fiscals 2024, 2023 and 2022, our employee benefit expense ₹ 674.84 million, ₹ 546.05 million, ₹ 742.65 million, ₹ 592.69 million and ₹ 462.71 million, representing represented 19.99%, 19.70%, 19.92%, 22.66% and 23.22% of our total income respectively. These costs consist of (a) salaries, wages, bonus and other allowances, (b) contribution to provident and other funds, (c) staff welfare and other expense, (d) gratuity and compensated absences expenses and (e) leave encashment. We seek to improve our operational efficiency by reducing our employee benefit expenses as a percentage of our total incomes, notwithstanding that we are continuing to expand our business and manufacturing facilities. Rising wages in India as well as any change in applicable labour laws, may have a material impact on our costs.

Finance costs

In the nine months ended December 31, 2024, December 31, 2023 and Fiscals 2024, 2023 and 2022, our finance costs was ₹ 145.68 million, ₹ 412.31 million, ₹ 472.65 million, ₹ 523.82 million and ₹ 136.16 million, representing represented 4.31%, 14.87%, 12.68%, 20.03% and 6.83% of our total income respectively. Our finance costs consist of (a) interest on term loans, (b) interest on working capital, (c) premium on redemption of DMI OCDs, (d) interest on lease liabilities, (e) bank charges and (f) other borrowing costs.

Operating costs and efficiencies

Given the nature of our business, operating costs and efficiencies are critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to spread fixed production costs over our production volumes. This vertical integration of our operations has enabled us to streamline our production processes, achieve shorter development and delivery times, exercise greater control over key inputs and processes, enhance quality control and increase supply security. We continually undertake efforts to reduce our costs, such as negotiating discounts, outsourcing non-critical processes, reducing energy usage and rationalising our labour. Our ability to reduce our operating costs in line with customer demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control.

In the industries with high-entry barriers that our customers belong to, adherence to quality standards is crucial since the products are required to be "zero parts per million" compliant and they perform in life-critical and mission-critical challenging environments (*Source: EY Report*). We also incur certain costs in order to ensure that the products that we supply to our customers are of high quality and free of defects. Such costs relate to matters such as capital expenditure, testing and validation, systems deployment and rejection and re-working of products. Any failure to comply with the design specifications of our customers, may lead to cancellations of our contracts and loss of reputation. Quality control therefore is critical to our operations and a failure to prevent the passing down of defects to our customers may make us liable to pay significant damages.

Exchange rates

Although our Company's reporting currency is in Indian Rupees, we transact a significant portion of our business in several other currencies. Further, a large part of our revenues is derived from sales to customers based outside of India. In the nine months ended December 31, 2024, December 31, 2023 and Fiscals 2024, 2023 and 2022, our revenues from operations to customers based outside of India were ₹ 3,067.88 million, ₹ 2,201.95 million, ₹ 2,981.82 million, ₹ 2,023.08 million and ₹ 1,518.17 million, respectively, which represented 90.86%, 79.43%, 79.99%, 77.36% and 76.19%, respectively of our total income. The exchange rate between the Indian Rupee and the currencies in which we receive payments for such exports, i.e., primarily the USD and Euro, has fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect on depreciation of the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our results of operations during the same period. Moreover, we expect that our cost of borrowing as well as our cost

of imported raw materials, overseas professional costs, freight and other expenses incurred by us may rise during a sustained depreciation of the Indian Rupee against USD or Euro.

Certain portions of our income and expenses are generated or incurred in other currencies and certain portions of our assets (trade receivables and cash and cash equivalents) and liabilities (trade payables and borrowings) are in other currencies, such as USD and Euro. Therefore, our exchange rate risk primarily arises from currency mismatches between our income and our expenditure which we seek to mitigate by matching income currency to expenditure currency to the extent possible.

We do not have a formal hedging policy and accordingly, may be subject to foreign currency exposure and fluctuations in the exchange rates between the Indian Rupee and other currencies.

PRESENTATION OF FINANCIAL INFORMATION

In this Preliminary Placement Document, we have included (i) audited consolidated financial statements as of and for the years ended March 31, 2023 and 2024 along with the respective audit reports thereon; (ii) special purpose audited consolidated financial statements as of and for the year ended March 31, 2022 along with the audit report thereon read along with the joint consent letter dated February 24, 2025 issued by our Statutory Auditors, M S K A & Associates, Chartered Accountants and Laxminiwas & Co, Chartered Accountants, the previous auditor, permitting the inclusion of the joint audit report dated September 22, 2023 on the special purpose consolidated financial statements for Fiscal 2022 in the Preliminary Placement Document; (iii) unaudited consolidated interim financial results for the quarter and six months ended September 30, 2024 submitted by the Company to the Stock Exchanges pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, along with the respective review reports thereon; and (iv) unaudited consolidated interim financial results for each of the quarter and nine months ended December 31, 2023 and December 31, 2024 submitted by the Company to the Stock Exchanges pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, along with the respective review reports thereon.

The Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results have been prepared in accordance with the Ind AS and Companies Act, 2013.

We have also included the audited consolidated financial statements for the fiscal year ended March 31, 2022 prepared in accordance with the Indian GAAP and other accounting principles generally accepted in India and the report thereon.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

Revenue recognition

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer. Our Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax ("**GST**") are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products:

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations. No significant element of financing is deemed present for the sales made with a credit term, which is consistent with market practice. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115.

Sale of services:

Our Company renders job work services that are provided separately. Our Company recognizes revenue from sale of services at a point in time, when products are sent to the customer after completion.

Export benefits:

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

Interest income:

Interest income is recognised when it is probable that the economic benefits will flow to our Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

Borrowing cost

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

Initial Recognition and measurement

Financial assets and financial liabilities are initially recognised when our Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- at amortized cost; or
- at fair value through other comprehensive income; or
- at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method ("**EIR**").

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("**FVOCI**"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in

Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period our Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, our Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, our Company applies expected credit loss ("**ECL**") model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, our Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on twelve (12) month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve (12) month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve (12) months after the year end.

ECL is the difference between all contractual cash flows that are due to our Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased if the payment is over due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, our Company does not reduce impairment allowance from the gross carrying amount.

Derecognition of financial assets

A financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which our Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If our Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. AH financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

This is the category most relevant to our Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

Our Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Our Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability. simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of our Company or the counterparty.

Written - off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. This is generally the case when our Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still) be subject to enforcement activities in order to comply with our Company's procedures for recovery of amounts due.

Property, plant and equipment

Recognition and measurement

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. AH other items of property, plant and equipment ("**PPE**") are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring

the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, our Company depreciates them separately based on their specific useful lives. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment. Freehold land is measured at cost and not depreciated. All other items of property plant and equipment are stated at cost less accumulated depreciation and impairment loss if any.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which it is expected to be available for use by our Company, or the number of production or similar units expected to be obtained from the asset by our Company.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition.

Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

Based on the technical assessment of useful life, Plant and machinery is being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Act. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The useful lives of the assets adopted by our Company based on technical evaluation are given below:

Useful life table

Category of asset	Useful lives estimated by the management (years)	Useful lives as per Schedule II of Companies Act, 2013 (years)
Plant & machinery	15	7.5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss. Useful lives and residual values are reviewed at each period end and adjusted if appropriate.

Expenditure du ring construction period:

Capital work-in-progress ("**CWIP**") includes cost of PPE under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date. Expenditure/ income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital advances under "Other non-current assets".

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is

the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:

Cost includes purchase price, (excluding those subsequently recoverable by our Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on weighted average basis.

Raw Materials are valued at lower of cost and net realisable value ("**NRV**"). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. These items are considered to be realizable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

Finished goods and work in progress ("WIP"):

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excludes borrowing costs.

It is valued at lower of cost and NRV. Cost of finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

Provision for inventory

Provision of obsolescence on inventories is considered basis the managements estimate, based on demand and market of the inventories.

Scrap inventory

Scrap is valued at net realisable value.

Tools

Tools used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools, subject to a maximum of 5 years.

Impairment of non-financial assets

Our Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units ("**CGUs**"). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Our Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised if the

carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, our Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Employee benefits

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by our Company in respect of services provided by employees up to the reporting date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Our Company makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is actuarially valued using the projected unit credit method, at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income ("**OCI**") in the period in which they occur. Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Compensated Absences:

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Leases

Our Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, our Company assesses whether:

- the contract involves the use of identified asset;
- our Company has substantially all of the economic benefits from the use of the asset through the period of lease and;
- our Company has the right to direct the use of the asset.

Company as a Lessee:

Our Company recognizes a right-of-use asset ("**ROU**") and a lease liability at the lease commencement date. The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised. The ROU is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The **lease liability** is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our Company's incremental borrowing rate. Generally, our Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprises fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that our Company is reasonably certain to exercise, lease payments in an optional renewal period if our Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortised cost using the effective interest method, except those which are payable in other than functional currency which is measured at fair value through profit or loss. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our Company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU, or is recorded in Statement of Profit or Loss if the carrying amount of the ROU has been reduced to zero.

Lease Liabilities have been presented in 'Financial Liabilities' and the 'ROU' have been presented separately in the Balance Sheet. Lease payments have been classified as financing activities in the Statement of Cash Flows.

Short-term leases and leases of low-value assets

Our Company has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of 12 months or lower and leases of low value assets. Our Company recognises the lease payments associated with these leases as an expense over the lease term.

Taxation

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within our Company supported by previous experience in respect of such activities and in certain cases based on independent tax specialist advice.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and

- temporary differences related to investments in subsidiaries to the extent that our Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which our Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and our Company intends to settle its current tax assets and liabilities on a net basis.

Provision, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, our Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities

do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in Consolidated Financial Statements since this may result in the recognition of income that may never be realised.

However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

Earnings per share

Basic Earnings Per Share ("**EPS**") is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of our Company are segregated.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Foreign currency transactions and balances

In preparing the consolidated Financial Statements of our Company, transactions in currencies other than our Company's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which our Company initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, our Company determines the transaction date for each payment or receipt of advance consideration.

Financial liabilities and equity instruments

Classification as debt or equity:

Debt and equity instruments issued by our Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Recent accounting pronouncements:

Ministry of Corporate Affairs ("**MCA**") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to our Company.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during the nine months ended December 31, 2024 and during Fiscals 2024, 2023 and 2022.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Our total income comprises our revenue from operations and other income.

Revenue from operations

Our revenue from operations primarily consists of (i) sale of products; (ii) sale of services; and (iii) other operating revenue from scrap sales and export incentives. The sale of products and sale of services consists of sale of such as 3D rotating airfoil/ blade portions of turbine engine and critical products for combustion, hydraulics, flight controls, propulsion, actuation, which powers defence and civil aircrafts, spaceships, defence missiles, nuclear hydrogen, gas, oil and thermal energy.

Other income

Other income comprises: (i) net gain on foreign currency transactions and translations; (ii) interest income on (a) fixed deposits, and (b) financial assets at amortised cost; (iii) gain on derecognition of financial liabilities; (iv) profit on sale of property plant and equipment; (v) gain on sale of investment in subsidiary; (vi) miscellaneous income and (vii) interest on loan to related parties.

Expenses

Our expenses comprise: (i) cost of materials consumed; (ii) changes in inventories of finished goods, work-in-progress; (iii) employee benefits expense; (iv) finance costs; (v) depreciation and amortisation expense; and (vi) other expenses.

Cost of materials consumed

Cost of materials consumed consists of raw material required for the manufacturing of such as 3D rotating airfoil/ blade portions of turbine engine and critical products for combustion, hydraulics, flight controls, propulsion, actuation.

Changes in inventories of finished goods, work-in-progress

Changes in inventories of finished goods, work-in-progress consist of work in in progress, finished goods and scrap inventories at the end of the period / Fiscal.

Employee benefits expense

Employee benefits expense consists of (i) salaries, wages and bonus; (ii) contribution to provident and other funds; (iii) gratuity expenses; and (iv) staff welfare expenses.

Finance costs

Finance costs comprises (i) interest on (a) term loans, (b) working capital, (c) compulsorily convertible debentures, (d) lease liabilities, and (e) others; (ii) premium on redemption of debentures; (iii) exchange differences adjusted to borrowing costs; (iv) bank charges; and (v) other borrowing costs.

Depreciation and amortisation expense

Depreciation and amortisation expense comprises (i) depreciation of property, plant and equipment; and (ii) amortization of right-to-use assets.

Other expenses

Other expenses comprises (i) stores and spares consumed, (ii) job work charges, (iii) repairs and maintenance to machinery, (iv) tools, (v) transportation charges, (vi) power and fuel, (vii) inspection and testing, (viii) sales commission, (ix) business promotion, (x) communication, broadband and internet expenses, (xi) insurance, (xii) travelling and conveyance expenses, (xiii) rent, (xiv) rates and taxes, (xv) professional & consultancy fees, (xvi) printing, stationary, postage and courier, (xvii) auditors remuneration, (xviii) Corporate social responsibility expenses, (xix) loss due to fire, (xx) security charges, (xxi) outsourced manpower cost, (xxii) provision for credit impaired trade receivable; (xxiii) miscellaneous expenses; (xxiv) office and other repairs and maintenance; (xxv) loss on foreign exchange transaction and (xxvi) advertisement expense.

Non – GAAP Measures

Gross profit, gross profit margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted profit for the year/period, adjusted profit margin, interest coverage ratio, return on capital employed and adjusted return on capital employed (together, "**Non-GAAP Measures**"), presented in this Preliminary Placement Document is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

EBITDA / Adjusted EBITDA / EBITDA Margin / Adjusted EBITDA Margin

Particulars	Nine months ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)			
Profit before Tax (A)	881.48	807.86	131.59	401.34
Other Income (B)	(72.13)	(319.93)	(98.46)	(47.96)
Finance costs (C)	145.68	472.65	523.82	136.16
Depreciation and amortisation (D)	202.18	205.30	165.83	133.14
EBITDA (E=A+B+C+D)	1,157.21	1,165.88	722.78	622.68
Add:				
Exceptional Item (fire incident, fire restoration cost, fire insurance – premium) **(F)**	0.00	0.00	63.03	0.00
Expected credit loss **(G)**	35.76	21.39	4.75	2.37
Foreign currency % (**H**)	0.00	0.00	0.00	1.59
professional and consultancy charges towards Hamuel litigation **(I)**	0.00	0.00	4.87	5.01
COVID Loss **(J)**	0.00	0.00	0.00	0.00
Adjusted EBITDA (K = E+F+G+H+I+J)	1,192.97	1,187.27	795.44	631.65
Revenue from Operations **(L)**	3,304.28	3,407.71	2,516.75	1,944.67
EBITDA Margin (E/L)	35.02	34.21	28.72	32.02
Adjusted EBITDA Margin (K/L)	36.10	34.84	31.61	32.48

Profit Margin and Adjusted Profit Margin

Particulars	Nine months ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)			
Adjusted EBITDA (A)	1,192.97	1,187.27	795.44	631.65
Less:				
Depreciation and amortisation (B)	202.18	205.30	165.83	133.14
Finance Cost (C)	145.68	472.65	523.82	136.16
Tax Expense (D)	264.23	222.06	46.86	106.77
Other Income Non-Recurring (E)	0.00	273.65	9.58	38.86
Add:				
Interest and redemption from OCD/CCD (F)	0.00	287.39	295.14	28.23
Other Income (G)	72.13	319.93	98.46	47.96
Adjusted PAT (H)	653.01	620.93	442.95	292.91
PAT (I)	617.25	585.80	84.73	294.57
Revenue from Operation (J)	3,304.28	3,407.71	2,516.75	1,944.67
Profit Margin (K=I/J)*100	18.68	17.19	3.37	15.15
Adjusted Profit Margin	19.34	16.66	16.94	14.70

Interest Coverage Ratio

Interest coverage ratio is calculated as below:

Particulars	Nine months ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(in ₹ million)			
Profit after Tax (A)	617.25	585.80	84.73	294.57
Tax expense (B)	264.23	222.06	46.86	106.77
Finance costs (C)	145.68	472.65	523.82	136.16
Other Income (D)	(72.13)	(319.93)	(98.46)	(47.96)
EBIT excluding other income (E)	955.03	960.58	556.95	489.54
Interest Coverage Ratio (E/C)*	**6.56**	**2.03**	**1.06**	**3.60**

** Interest Coverage Ratio = (Earnings Before Interest and Taxes excluding Other Income) / Finance Cost*

Return on Capital Employed and Adjusted Return on Capital Employed

The table below reconciles restated profit for the period/year to return on capital employed and Adjusted Return on Capital Employed:

Particulars	As of and for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise stated)		
Adjusted EBITDA	1,187.27	795.44	631.65
Less: Depreciation	205.30	165.83	133.14
Add: Recurring Other Income	46.28	98.46	47.96
Adjusted EBIT	1,028.25	728.07	546.47
EBIT	1,280.51	655.41	537.50
Capital Employed			
Total Equity	6,450.63	2,039.88	1,200.07
Non - Current Borrowing	271.13	2,208.61	1,225.53
Current Borrowing	100.44	797.40	746.27
Total Capital Employed	6,822.20	5,045.89	3,171.87
Less: Cash & Cash Equivalent	589.18	527.33	176.73
Less: C.W.I.P	454.34	379.86	236.56
Less: Capex Advances	384.26	379.90	572.59
Adjusted Capital Employed	5,394.42	3,758.80	2,185.99
Average Capital Employed	5,934.05	4,108.88	2,478.96

Particulars	As of and for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise stated)		
Average Adjusted Capital Employed	4,576.61	2,972.40	1,898.42
ROCE (%)	18.77	12.99	16.95
Adjusted ROCE (%)	27.98	22.05	28.31

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations for the nine months ended December 31, 2024, December 31, 2023 and for Fiscals 2024, 2023 and 2022:

Particulars	Nine months ended December 31, 2024		Nine months ended December 31, 2023		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Income										
Revenue from operations	3,304.28	97.86%	2,479.73	89.46%	3,407.71	91.42%	2,516.75	96.24%	1,944.67	97.59%
Other income	72.13	2.14%	292.30	10.54%	319.93	8.58%	98.46	3.76%	47.96	2.41%
Total Income	**3,376.41**	**100.00**	**2,772.03**	**100.00**	**3,727.64**	**100.00%**	**2,615.21**	**100.00%**	**1,992.63**	**100.00%**
Expenses										
Cost of materials consumed	753.71	22.32%	473.51	17.08%	667.63	17.91%	495.22	18.94%	376.10	18.87%
Changes in inventories of finished goods work-in-progress	(278.98)	(8.26)%	(171.18)	(6.18)%	(207.41)	(5.56)%	(193.71)	(7.41)%	(168.48)	(8.46)%
Employee benefits expense	674.84	19.99%	546.05	19.70%	742.65	19.92%	592.69	22.66%	462.71	23.22%
Finance costs	145.68	4.31%	412.31	14.87%	472.65	12.68%	523.82	20.03%	136.16	6.83%
Depreciation and amortisation expense	202.18	5.99%	150.68	5.44%	205.30	5.51%	165.83	6.34%	133.14	6.68%
Other expenses	997.50	29.54%	779.26	28.11%	1,038.96	27.87%	899.77	34.41%	651.66	32.70%
Total expenses	**2,494.93**	**73.89%**	**2,190.63**	**79.03%**	**2,919.78**	**78.33%**	**2,483.62**	**94.97%**	**1,591.29**	**79.86%**
Profit before tax for period/ year	**881.48**	26.11%	581.40	20.97%	**807.86**	**21.67%**	**131.59**	**5.03%**	**401.34**	**20.14%**
Tax expenses										
Current tax	267.85	7.93%	104.54	3.77%	146.21	3.92%	25.74	0.98%	86.68	4.35%
Tax pertaining to earlier years	-	-	-	-	-	-	2.42	0.09%	-	-
Deferred tax	(3.62)	(0.11)%	40.51	1.46%	75.85	2.03%	18.70	0.72%	20.09	1.01%
Total tax expense	**264.23**	**7.83%**	**145.05**	**5.23%**	**222.06**	**5.96%**	**46.86**	**1.79%**	**106.77**	**5.36%**
Profit for the period/year	**617.25**	**18.28%**	**436.35**	**15.74%**	**585.80**	**15.72%**	**84.73**	**3.24%**	**294.57**	**14.78%**
Other comprehensive income										
Items that will not be reclassified subsequently to profit and loss										
Re-measurement gains/(losses) on defined benefit plans	(4.60)	(0.14)%	(0.70)	(0.03)%	(3.58)	(0.10)%	2.90	0.11%	(4.83)	(0.24)%
Tax related to above items	1.34	0.04%	0.20	0.01%	1.04	0.03%	(0.84)	(0.03)%	1.41	0.07%
Total other comprehensiv	**(3.26)**	**(0.10)%**	**(0.50)**	**(0.02)%**	**(2.54)**	**(0.07)%**	**2.06**	**0.08%**	**(3.42)**	**(0.17)%**

Particulars	Nine months ended December 31, 2024		Nine months ended December 31, 2023		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
e income/(loss)										
Total comprehensive income for the year/ period	**613.99**	**18.18%**	**435.85**	**15.72%**	**583.26**	**15.65%**	**86.79**	**3.32%**	**291.15**	**14.61%**

NINE MONTHS ENDED DECEMBER 31, 2024 COMPARED TO NINE MONTHS ENDED DECEMBER 31, 2023

Key Developments

- The Company, in its board and shareholders' meetings held on September 14, 2023 and September 15, 2023 respectively approved the sale of investment in subsidiaries (Swastik Coaters Private Limited and Rowland Chemicals Private Limited) to Mr. Rakesh Chopdar(Chairman and CEO). Consequently, these companies are no longer subsidiaries.

- Azad VTC Pinata Limited, a wholly owned subsidiary was incorporated in the first quarter of Fiscal 2025 with an objective to engage in the business of coatings. Pursuant to an asset purchase agreement dated May 09, 2024, our Company acquired certain assets during the second quarter of Fiscal 2024. Further, pursuant to the shareholder agreement ("**SHA**"), our Company issued 9,608 shares to Mr Ravi Kumar at face value of Rs. 10 each. Consequently, the revised shareholding stands at 51% by Azad Engineering Limited and 49% by Mr. Ravi Kumar. As per the terms of the SHA, our Company has a call option to purchase the shares held by Mr. Ravi Kumar.

Total income

Our total income was increased by 21.80%, from ₹2,772.03 million in the nine months ended December 31, 2023, to ₹3,376.41 million in the nine months ended December 31, 2024. This increase was mainly due to increase in Aero sales as products qualified in previous periods has been came into production and energy revenue increase on account of capacity addition during the period. However, the other income has decreased to ₹72.13 million in nine months ended December 31, 2024 compared to December 31, 2023 was ₹292.30 million. There was one time other income of ₹98.03 million which is mainly on account of gain on sale of investment in subsidiary and profit on sale of land.

Revenue from operations

Our revenue increased by 33.25% from ₹ 2,479.73 million in the nine months ended December 31, 2023, to ₹ 3,304.28 million in the nine months ended December 31, 2024. This increase was mainly due to increase in Aero sales as products qualified in previous periods has been came into production and energy revenue increase on account of capacity addition during the period.

Revenue from contracts with customers

Revenue from sale of products

Our revenue from sale of products increased by 35.99% from ₹ 1,934.01 million in the nine months ended December 31, 2023 to ₹ 2,630.09 million in the nine months ended December 31, 2024. The increase was due to increase in sales to certain key customers.

Revenue from sale of services

Our revenue from sale of services increased by 15.96% from ₹ 489.71 million in the nine months ended December 31, 2023 to ₹ 567.85 million in the nine months ended December 31, 2024, primarily due to increase in sales of a global OEM.

Other operating revenue

Other operating revenue includes the sale of scrap which is generated during the normal course of business and export incentive due to export sales. The other operating income was ₹ 106.34 million in the nine months ended December 31, 2024 compared to ₹56.01 million in the nine months ended December 31, 2023. This increase in revenue is in line with the normal course of business.

Other income

Our other income decreased by 75.32%, from ₹ 292.30 million in the nine months ended December 31, 2023, to ₹ 72.13 million in the nine months ended December 31, 2024. In normal course of business this includes, interest income from treasury, remeasurement of foreign currency gain, rental income and other miscellaneous income. However, there was one time other income of ₹98.03 million in the nine months ended December 31, 2023 which is mainly on account of gain on sale of investment in subsidiary and profit on sale of land.

Expenses

Our total expenses increased by 13.89%, from ₹2,190.63 million in the nine months ended December 31, 2023, to ₹2,494.93 million in the nine months ended December 31, 2024, mainly due to the following factors:

Cost of materials consumed

Our cost of materials consumed increased by 59.18%, from ₹473.51 million in the nine months ended December 31, 2023, to ₹753.71 million in the nine months ended December 31, 2024, primarily due to increase in revenue from operations and increase in finished goods and work-in-progress.

Changes in inventories of finished goods, work-in-progress

Changes in inventories of finished goods, work-in-progress was ₹ (278.98) million in the nine months ended December 31, 2024, as compared to ₹ (171.18) million in the nine months ended December 31, 2023.

Employee benefits expense

Our employee benefits expense increased by 23.59%, from ₹546.05 million in the nine months ended December 31, 2023, to ₹674.84 million in the nine months ended December 31, 2024, primarily due to increase in revenue from operation. However, the overall percentage as revenue from operations has declined during the period due to operating efficiency/leverage.

Finance costs

Our finance costs decreased by 64.67%, from ₹412.31 million in the nine months ended December 31, 2023, to ₹145.68 million in the nine months ended December 31, 2024, primarily due to redemption/conversion of compulsory convertible debentures.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 34.18%, from ₹150.68 million in the nine months ended December 31, 2023, to ₹202.18 million in the nine months ended December 31, 2024, primarily due to increase in additional capacity which resulted in an increase in revenue from operations.

Other expenses

Our other expenses increased by 28.01%, from ₹ 779.26 million in the nine months ended December 31, 2023 to ₹ 997.50 million in the nine months ended December 31, 2024, primarily due to an increase in revenue from operations. However, the overall percentage of revenue from operations has declined during the period due to operating efficiency/leverage.

Profit before tax

As a result of the factors outlined above, our profit before tax was ₹ 881.48 million in the nine months ended December 31, 2024 as compared to the profit before tax of ₹ 581.40 million in the nine months ended December 31, 2023. The profit before tax has increased due to increase in total income, operating efficiency and decrease in finance cost due to redemption/conversion of compulsory convertible debentures.

Tax expense

We recorded a current tax expense of ₹ 267.85 million in the nine months ended December 31, 2024 as compared to a current tax expense of ₹ 104.54 million in the nine months ended December 31, 2023. We recorded a deferred tax credit of ₹ 3.62 million for the nine months ended December 31, 2024 as compared to a deferred tax expense of ₹ 40.51 million for the nine months ended December 31, 2023. As a result, total tax expense increased by 82.16%, from ₹145.05 million in the nine months ended December 31, 2023, to ₹264.23 million in the nine months ended December 31, 2024.

Profit for the period

As a result of the factors outlined above, our profit for the period was ₹ 617.25 million in the nine months ended December 31, 2024 as compared to ₹ 436.35 million in the nine months ended December 31, 2023.

FISCAL 2024 COMPARED TO FISCAL 2023

Total income

Our total income increased by 42.54%, from ₹2,615.21 million in Fiscal 2023 to ₹3,727.64 million in Fiscal 2024. This increase was mainly due to the following:

Revenue from operations

Our revenue from operations increased by 35.40%, from ₹2,516.75 million in Fiscal 2023 to ₹3,407.71 million in Fiscal 2024, on account of an increase in revenue from sale of products and other operating revenue, which was partially offset by a decrease in sale of services.

Revenue from contracts with customers

Revenue from sale of products

Our revenue from sale of products increased by 81.68% from ₹ 1,478.89 million in Fiscal 2023 to ₹ 2,686.82 million in Fiscal 2024, The increase was due to increase in sales to three of our major customers.

Revenue from sale of services

Our revenue from sale of services decreased by 36.58% from ₹ 937.26 million in Fiscal 2023 to ₹ 594.40 million in Fiscal 2024, primarily due to decrease in sales to a global OEM on account of capacity constraints.

Other operating revenue

Other operating revenue includes the sale of scrap which is generated during the normal course of business and export incentive due to export sales. The other operating income was ₹126.49 million in Fiscal 2024 compared to ₹100.60 million in Fiscal 2023. This increase in revenue is in line with the normal course of business.

Other income

Our other income increased by 224.93%, from ₹ 98.46 million in Fiscal 2023 to ₹ 319.93 million in Fiscal 2024. In normal course of business this includes, interest income from treasury, remeasurement of foreign currency gain, rental income and other miscellaneous income. However, there was one-time other income of ₹ 98.03 million in Fiscal 2024 which is mainly on account of gain on sale of investment in subsidiary and profit on sale of land.

Expenses

Our total expenses increased by 17.56% from ₹ 2,483.62 million in Fiscal 2023 to ₹ 2,919.78 million in Fiscal 2024, mainly due to the following factors:

Cost of materials consumed

Our cost of materials consumed increased by 34.81% from ₹ 495.22 million in Fiscal 2023 to ₹ 667.63 million in Fiscal 2024, primarily due to increase in revenue from operations and increase in finished goods and work-in-progress.

Changes in inventories of finished goods, work-in-progress

Changes in inventories of finished goods, work-in-progress was ₹ (207.41) million in Fiscal 2024, as compared to ₹ (193.71) million in Fiscal 2023, this is in line with the business.

Employee benefits expense

Our employee benefits expense increased by 25.30% from ₹ 592.69 million in Fiscal 2023 to ₹ 742.65 million in Fiscal 2024, primarily due to increase in revenue from operation. However, the overall percentage as revenue from operations has declined during the period due to operating efficiency/leverage.

Finance costs

Our finance costs decreased by 9.77% from ₹ 523.82 million in Fiscal 2023 to ₹ 472.65 million in Fiscal 2024, primarily due to a decrease in interest on term loans from ₹ 72.25 million in Fiscal 2023 to ₹ 51.26 million in Fiscal 2024, premium on redemption of debentures from ₹ 146.50 million in Fiscal 2023 to nil in Fiscal 2024 and exchange differences adjusted to borrowing costs from ₹ 66.10 million in Fiscal 2023 to ₹ 14.27 million in Fiscal 2024. These were partially offset by an increase in interest on compulsory convertible debentures from ₹ 148.64 million in Fiscal 2023 to ₹ 207.55 million in Fiscal 2024 and other borrowing costs from ₹ 41.44 million in Fiscal 2023 to ₹ 126.73 million in Fiscal 2024.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 23.80% from ₹ 165.83 million in Fiscal 2023 to ₹ 205.30 million in Fiscal 2024, primarily due to an increase in depreciation of property, plant and equipment.

Other expenses

Our other expenses increased by 15.47% from ₹899.77 million in Fiscal 2023 to ₹1,038.96 million in Fiscal 2024, there was one-time expense of ₹31.79 million in Fiscal 2023 on account of fire incident. Post adjusting the same other expenses increased by 19.70% between Fiscal 2023 and Fiscal 2024. The above increase is due to increase in revenue from operation. However, the overall percentage as revenue from operations has declined during the period due to operating efficiency/leverage.

Profit before tax for the year

As a result of the factors outlined above, our profit before tax for the year was ₹ 807.86 million in Fiscal 2024 as compared to the profit before tax of ₹ 131.59 million in Fiscal 2023.

Tax expense

We recorded a current tax expense of ₹ 146.21 million in Fiscal 2024 as compared to a current tax expense of ₹ 25.74 million in Fiscal 2023. We recorded a deferred tax expense of ₹ 75.85 million for Fiscal 2024 as compared to a deferred tax expense of ₹ 18.70 million for Fiscal 2023. As a result, total tax expense increased from ₹ 46.86 million in Fiscal 2023 to ₹ 222.06 million in Fiscal 2024.

Profit after tax for the year

As a result of the factors outlined above, our profit for the year was ₹ 585.80 million in Fiscal 2024 as compared to ₹ 84.73 million in Fiscal 2023.

FISCAL 2023 COMPARED TO FISCAL 2022

Total income

Our total income increased by 31.24% from ₹ 1,992.63 million in Fiscal 2022 to ₹ 2,615.21 million in Fiscal 2023. This increase was primarily due to an increase in revenue from operations. This increase was mainly due to the following:

Revenue from operations

Our revenue from operations increased by 29.42% from ₹ 1,944.67 million in Fiscal 2022 to ₹ 2,516.75 million in Fiscal 2023, on account of an increase in revenue from sale of products, sale of services and other operating revenue.

Revenue from contracts with customers

Revenue from sale of products

Our revenue from sale of products increased by 26.25% from ₹ 1,171.39 million in Fiscal 2022 to ₹ 1,478.89 million in Fiscal 2023. This was primarily due to an increase in the business volume from sale of products for energy and aerospace and defence industries.

Revenue from sale of services

Our revenue from sale of services increased by 37.41% from ₹ 682.09 million in Fiscal 2022 to ₹ 937.26 million in Fiscal 2023. This was primarily due to an increase in the business volume from sale of products for energy and aerospace and defence industries.

Other operating revenue

Our other operating revenue from scrap sales increased by 23.63% from ₹ 78.38 million in Fiscal 2022 to ₹ 96.90 million in Fiscal 2023.

Other income

Our other income increased by 105.30% from ₹ 47.96 million in Fiscal 2022 to ₹ 98.46 million in Fiscal 2023. This increase was primarily due to increase in gain on foreign exchange transactions of ₹ 60.11 million in Fiscal 2023 and increase in interest income from ₹ 7.75 million in Fiscal 2022 to ₹ 26.73 million in Fiscal 2023.

Expenses

Our total expenses increased by 56.08% from ₹ 1,591.29 million in Fiscal 2022 to ₹ 2,483.62 million in Fiscal 2023. This increase was mainly due to the following factors:

Cost of materials consumed

Our cost of materials consumed increased by 31.67% from ₹ 376.10 million in Fiscal 2022 to ₹ 495.22 million in Fiscal 2023. The increase was mainly due to increase in volume of business and work-in-progress.

Changes in inventories of finished goods, work-in-progress

Changes in inventories of finished goods, work-in-progress was ₹ (193.71) million in Fiscal 2023, as compared to ₹ (168.48) million in Fiscal 2022. This was primarily due to increase in volume of business.

Employee benefits expense

Our employee benefits expense increased by 28.09% from ₹ 462.71 million in Fiscal 2022 to ₹ 592.69 million in Fiscal 2023. This increase was primarily due to an increase of 28.09% in salaries and wages, including bonus from ₹ 429.77 million in Fiscal 2022 to ₹ 550.50 million in Fiscal 2023 due to an increase in the number of employees employed by us and annual compensation increments.

Finance costs

Our finance costs increased from finance costs of ₹ 136.16 million in Fiscal 2022 to ₹ 523.82 million in Fiscal 2023. This increase was primarily due to interest on compulsory convertible debentures and premium and premium on redemption of optionally convertible debentures in Fiscal 2023.

Depreciation expense

Our depreciation expense increased by 24.55% from ₹133.14 million in Fiscal 2022 to ₹ 165.83 million in Fiscal 2023. This was primarily due to increase in installed capacity to support current and future business volume.

Other expenses

Our other expenses increased by 38.07% from ₹ 651.66 million in Fiscal 2022 to ₹ 899.77 million in Fiscal 2023. This was primarily due to an increase in (i) job work charges from ₹ 158.70 million in Fiscal 2022 to ₹ 175.65 million in Fiscal 2023;

(ii) tools from ₹ 147.35 million in Fiscal 2022 to ₹ 179.52 million in Fiscal 2023; (iii) power and fuel consumed from ₹ 68.44 million in Fiscal 2022 to ₹ 116.21 million in Fiscal 2023; and (iv) stores and spares consumed from ₹ 85.76 million in Fiscal 2022 to ₹ 99.90 million in Fiscal 2023. The increase in other expenses was in line with the increase in revenues from operations.

Profit before tax for the year

As a result of the factors outlined above, our profit before tax was ₹ 131.59 million in Fiscal 2023 as compared to the profit before tax of ₹ 401.34 million in Fiscal 2022.

Tax expense

We recorded a current tax expense of ₹ 25.74 million in Fiscal 2023 as compared to a current tax expense of ₹ 86.68 million in Fiscal 2022, primarily due to an increase in profit before tax. We recorded tax pertaining to earlier years of ₹ 2.42 million in Fiscal 2023 as compared to nil in Fiscal 2022, due to differential in provision for tax against the actual tax payment. We recorded a deferred tax expense of ₹ 18.70 million for Fiscal 2023 as compared to a deferred tax expense of ₹ 20.09 million for Fiscal 2022, primarily due to deferred tax liability arising on account of property, plant and equipment of ₹ 74.03 million of which ₹ 55.33 million is getting off set against deferred tax asset recognized mainly on account of present value measurement of borrowings, MAT credit entitlement and unabsorbed depreciation.

Profit after tax for the year

As a result of the factors outlined above, our profit for the year was ₹ 84.73 million in Fiscal 2023 as compared to ₹ 294.57 million in Fiscal 2022.

LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended December 31, 2024, December 31, 2023 and Fiscals 2024, 2023 and 2022, we met our funding requirements, including capital expenditure, satisfaction of debt obligations, investments, taxes, working capital requirements and other cash outlays, principally with funds generated from operations and optimisation of operating working capital, with the balance principally met using external borrowings. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness*" on page 154.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net cash flow (used in) / generated from operating activities	27.88	(69.52)	(102.09)	209.39
Net cash flow used in investing activities	(1011.11)	(552.55)	(1,011.51)	(1,141.99)
Net cash flow generated from financing activities	1022.71	709.87	1,263.41	959.11
Net increase/(decrease) in cash and cash equivalents	39.48	87.80	149.81	26.51
Cash and cash equivalents at end of the period/ year	321.34	281.86	194.06	44.25

Operating Activities

Six months ended September 30, 2024

Net cash flow used in operating activities was ₹ 27.88 million in the six months ended September 30, 2024. Profit before tax was ₹ 541.07 million in the six months ended September 30, 2024 and adjustments to reconcile profit before tax to net cash flow primarily consisted of (i) depreciation and amortisation expense of ₹127.80 million; (ii) finance costs of ₹81.53 million; (iii) gain on derecognition of financial liabilities of ₹2.00 million; (iv) net unrealized foreign exchange gain of ₹ 5.59 million; (v) provision for credit impaired trade receivable of ₹23.70 million; and (vi) interest income of ₹ 14.47 million. Operating profit before working capital changes was ₹752.04 million in the six months ended September 30, 2024. The main working capital adjustments in the six months ended September 30, 2024 included increase in trade receivables of ₹581.17 million, increase in inventories of ₹212.57 million, increase in other financial assets of ₹7.08 million and increase in other current assets of ₹38.03 million. This was offset by increase in trade payables of ₹32.96 million, increase in other financial liabilities of ₹189.88 million, increase in provisions of ₹11.42 million and decrease in other liabilities of ₹58.70 million. Accordingly, cash generated from/

(used in) operations in the six months ended September 30, 2024 amounted to ₹88.75 million. Income taxes paid (net of refund) amounted to ₹60.87 million.

Fiscal 2024

Net cash flow used in operating activities was ₹ (69.52) million in Fiscal 2024. Profit before tax was ₹ 807.86 million in Fiscal 2024 and adjustments to reconcile profit before tax to net cash flow primarily consisted of (i) depreciation and amortisation expense of ₹ 205.30 million; (ii) finance costs of ₹ 472.65 million; (iii) gain on derecognition of financial liabilities of ₹ 175.62 million; (iv) gain on sale of investment in subsidiary of ₹ 56.03 million; and (v) profit on sale of property plant and equipment of ₹ 42.02 million. Operating profit before working capital changes was ₹ 1,564.53 million in Fiscal 2024. The main working capital adjustments in Fiscal 2024 included decrease in trade receivables of ₹ 528.05 million, decrease in inventories of ₹ 469.00 million; decrease in other financial assets of ₹ 207.92 million and decrease in other current assets of ₹ 337.04 million. This was offset by increase in trade payables of ₹ 4.53 million, increase in other financial liabilities of ₹ 18.03 million, increase in provisions of ₹ 11.96 million and increase in other liabilities of ₹ 19.68 million. Accordingly, cash generated from operations in Fiscal 2024 amounted to ₹ 76.72 million. Income taxes paid (net of refund) amounted to ₹ 146.24 million.

Fiscal 2023

Net cash flow used in operating activities was ₹ 102.09 million in Fiscal 2023. Profit before tax was ₹ 131.59 million and adjustments to reconcile profit before tax to net cash flow primarily consisted of (i) depreciation expense of ₹ 165.83 million; and (ii) finance cost of ₹ 523.82 million. Operating profit before working capital changes was ₹ 803.90 million in Fiscal 2023. The main working capital adjustments in Fiscal 2023 primarily included increase in trade receivables of ₹ 417.92 million, increase in inventories of ₹ 308.27 million and increase in other current assets of ₹80.85 million. Accordingly, cash generated from operations in Fiscal 2023 amounted to ₹ (5.70) million. Income taxes paid (net of refund) amounted to ₹ 96.39 million.

Fiscal 2022

Net cash flow generated from operating activities was ₹ 209.39 million in Fiscal 2022. Profit before tax was ₹ 401.34 million and adjustments to reconcile profit before tax to net cash flow primarily consisted of (i) depreciation expense of ₹ 133.14 million; and (ii) finance cost of ₹ 136.16 million. Operating profit before working capital changes was ₹ 655.86 million in Fiscal 2022. The main working capital adjustments in Fiscal 2023 primarily included increase in trade receivables of ₹ 237.97 million, increase in inventories of ₹ 230.87 million and increase in other financial liabilities of ₹ 82.31 million. Accordingly, cash generated from operations in Fiscal 2022 amounted to ₹ 257.17 million. Income taxes paid (net of refund) amounted to ₹ 47.78 million.

Investing activities

Six months ended September 30, 2024

Net cash flow used in investing activities was ₹ 1,011.11 million in the six months ended September 30, 2024. This primarily reflected purchase of property, plant and equipment (including capital work in progress and capital advances) of ₹1281.76 million and loans and advances given of ₹17.75 million. This was partially offset by deposits matured with banks of ₹273.93 million and interest received of ₹14.47 million.

Fiscal 2024

Net cash flow used in investing activities was ₹ 552.55 million in Fiscal 2024. This primarily reflected (i) purchase of property, plant and equipment (including capital work in progress and capital advances) of ₹ 753.40 million. This was partially offset by proceeds from sale of investment in subsidiaries of ₹ 118.86 million.

Fiscal 2023

Net cash flow used in investing activities was ₹ 1,011.51 million in Fiscal 2023 which was towards purchase of property, plant and equipment of ₹ 856.22 million and investment in deposits placed having original maturity of more than three months, net of ₹ 200.79 million.

Fiscal 2022

Net cash flow used in investing activities was ₹ 1,141.99 million in Fiscal 2022 which was primarily towards purchase of property, plant and equipment of ₹ 1,171.47 million which was partially offset by sale of deposits placed having original maturity of more than three months (net) of ₹ 21.63 million.

Financing activities

Six months ended September 30, 2024

Net cash flow generated from financing activities was ₹ 1,022.71 million in the six months ended September 30, 2024, which primarily comprised of proceeds from issue of equity shares of ₹0.19 million, proceeds from long term borrowings of ₹ 682.36 million and proceeds from short term borrowings (net) of ₹429.12 million which was primarily offset by principal paid on lease liabilities of ₹9.43 million, interest paid on lease liabilities of ₹6.04 million and interest paid of ₹73.49 million.

Fiscal 2024

Net cash flow generated from financing activities was ₹ 709.87 million in Fiscal 2024, which primarily comprised of proceeds from issue of equity shares of ₹ 2,400.00 million and proceeds from long term borrowings of ₹ 437.39 million, which was primarily offset by repayment of long-term borrowings of ₹ 955.05 million, proceeds repayment of short term borrowings (net) of ₹ 696.96 million and interest paid of ₹ 472.65 million.

Fiscal 2023

Net cash flow generated from financing activities was ₹ 1,263.41 million in Fiscal 2023, which primarily comprised of proceeds from issuance of debentures of ₹ 1,600 million, proceeds from issue of equity shares/ preference shares of ₹ 573.46 million and proceeds from long term borrowings (net) ₹ 177.45 million which was partially offset by interest paid of ₹ 523.82 million.

Fiscal 2022

Net cash flow generated from financing activities was ₹ 959.11 million in Fiscal 2022, which primarily comprised of proceeds of long-term borrowings of ₹ 447.29 million and proceeds from short term borrowings (net) of ₹ 283.74 million which was partially offset by proceeds from interest paid of ₹ 135.56 million and proceeds from issuance of debentures of ₹ 600.00 million.

INDEBTEDNESS

As of September 30, 2024, we had total outstanding borrowings amounting to ₹ 1,483.05 million, which consisted of fund based borrowings including term loans, working capital loan and vehicle loan and non-fund based borrowings including letter of credit and bank guarantee.

The following table sets forth certain information relating to our outstanding indebtedness as of September 30, 2024, and our repayment obligations in the periods indicated:

Particulars	(₹ million)				
	Total	Not later than 1 year	1-3 years	3 -5 years	More than 5 years
Long term borrowings					
Secured					
Term loans (including current maturities)	1,014.78	93.10	886.72	34.38	0.57
Others	28.52	14.04	14.49		-
Unsecured					
Others	-	-	-	-	-
Total long term borrowings (including current maturities)	1,043.30	107.14	901.21	34.38	0.57
Short term borrowings					
Secured	439.75	439.75	-	-	-
Unsecured	-	-	-	-	-
Total short term borrowings	439.75	439.75	-	-	-
Total borrowings	1,483.05	546.89	901.21	34.38	0.57

CONTRACTUAL OBLIGATIONS

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding borrowings and lease liabilities) as of March 31, 2024:

Particulars	Payables not due	As of March 31, 2024				
		(₹ million)				
		Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	104.15	104.47	-	-	-	208.62

Particulars	Payables not due	As of March 31, 2024 (₹ million)				
		Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(ii) Others	176.39	113.58	0.86	0.09	-	290.92
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-

CONTINGENT LIABILITIES AND COMMITMENTS

As of March 31, 2024, our contingent liabilities were as follows:

Particulars	As at March 31, 2024 (₹ million)
Direct tax	27.23
Goods and service tax	9.51
Customs Duty	75.11

For further information on our contingent liabilities, see "*Financial Statements*" on page 95.

As of March 31, 2024, our capital commitments were as follows:

Particulars	As at March 31, 2024 (₹ million)
Unexecuted capital orders to the extent not provided for	1,897.71

OFF-BALANCE SHEET ARRANGEMENTS

We have a bill discounting facility in the nature of an off-balance sheet arrangement as of March 31, 2024.

CAPITAL EXPENDITURE

The following table sets forth our capital expenditure for the periods indicated:

Particulars	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)			
Purchase of property, plant and equipment (including capital work in progress and capital advances)	(1281.76)	(753.40)	(856.22)	(1,171.47)

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Financial Statements*" on page 95.

AUDITOR QUALIFICATIONS

Except as stated below, our Statutory Auditors have not included any reservations, qualifications and adverse remarks, emphasis of matter, and adverse or negative observations in their examination report during the last five years:

Financial year / period ended	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company*
Nine months period ended December 31, 2024	NA	NA	NA

Financial year / period ended	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company*
Financial year ended March 31, 2024	NA	NA	NA
Financial year ended March 31, 2023	NA	NA	NA
Financial year ended March 31, 2022	NA	NA	NA
Financial year ended March 31, 2021	Qualified Opinion Reason for Qualified Opinion: - During FY 2020-21, the Company was required to spend ₹5.33 million. However, the Company has spent ₹2.28 million only. The balance ₹ 3.05 million has not been spent towards CSR as per section 135 of the Companies Act, 2013.	Nil	The CSR amount of ₹3.05 million outstanding as on March 31, 2021 has been subsequently transferred to specific CSR account on December 20, 2022.
Financial year ended March 31, 2020	Qualified Opinion Reason for Qualified Opinion: - During FY 2019-20, the Company was required to spend ₹ 2.72 million. However, the Company has spent ₹ 0.16 million only. The balance of ₹ 2.56 million has not been spent or provided for liability towards CSR as per section 135 of the Companies Act, 2013.	Nil	No corrective steps taken by the Company as the mandatory transfer of unspent CSR amount provisions were not applicable during FY 2019-20.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Board of Directors has the overall responsibility for the risk management framework and are responsible for developing and monitoring the risk management policies. They monitor the compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by our Company.

The risk management policies are to identify and analyse the risks faced by our Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our Company activities. Our Company, through our training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to our Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from our Company's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. Our Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Our Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. Our Company does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. Our Company also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. Our Company does not foresee any credit risks on deposits with regulatory authorities.

Liquidity risk

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our Company's approach to managing liquidity is to

ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our Company's reputation.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

Interest rate risk

Our Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our Company's exposure to the risk of changes in foreign exchange rates relates primarily to our Company's operating activities (when revenue or expense is denominated in a different currency from our Company's functional currency).

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

There have been no events or transactions to our knowledge that have in the past or may in the future affect our business operations or financial performance which may be described as "unusual" or "infrequent".

KNOWN TRENDS OR UNCERTAINTIES

Other than as described in "*Risk Factors*" and this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 40 and 130, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenue or income from continuing operations.

FUTURE RELATIONSHIPS BETWEEN EXPENDITURE AND INCOME

Other than as described in "*Risk Factors*" on page 40 and this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 130, to our knowledge there are no known factors which we expect will have a material adverse impact on our operations or finances.

NEW PRODUCT OR BUSINESS SEGMENTS

Other than as described in "*Our Business*" on page 96 there are no new products or business segments in which we operate.

COMPETITIVE CONDITIONS

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products. For further details, please refer to "*Risk Factors*" and "*Our Business*" beginning on pages 40 and 96, respectively.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2024

To our knowledge, no circumstances have arisen since December 31, 2024, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "EY report on assessment of the components of energy turbine, oil drilling, aerospace & defence industry" dated February 21, 2025 (the "**EY Report**") prepared and issued by EY LLP, appointed by pursuant to engagement letter dated February 3, 2025 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with this Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the EY Report and included herein with respect to any particular year refers to such information for the relevant calendar/Fiscal, as applicable. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by EY exclusively commissioned and paid for by us for such purpose." on page 67.*

SUMMARY

Azad Engineering Ltd. is one of the key manufacturers of qualified product lines supplying to global original equipment manufacturers ("**OEMs**") in the energy, aerospace & defence and oil & gas industries. The company manufactures complex and highly engineered precision forged and machined components that are mission and life-critical and hence, some of these products have a "zero parts per million" defects requirement. The components have been supplied to countries such as USA, China, Europe, Middle East, and Japan since its inception. And hence, the company is a key link in the global supply chain for OEMs / customers.

The company's manufacturing infrastructure comprises five facilities in India, at Hyderabad with a total manufacturing area of ~32,000 sq. meters. Within the energy turbine industry, airfoils contributed to 80% of total energy segment sales for the company in Fiscal 2024. Other than this, the company also supplies other special machined components for energy turbines. Azad Engineering Ltd.'s aerospace and defence products are largely utilized in commercial and defence aircraft to provide propulsion, actuation, hydraulics, and flight control. At an overall level, the company has delivered 3.09 million units between Fiscal 2009 to Fiscal 2023.

The demand for these precision forged and machined components is driven by requirements relating to energy turbines (industrial, gas, nuclear and coal), aircrafts (commercial and military) amongst others.

The global energy consumption has increased from 433 EJ in 2019 to 445 EJ in 2023, reflecting an annualized growth rate of ~1% over 2019-2023. The energy turbine market includes turbines used for power generation and turbines used in industrial applications other than power generation, market analysis for both the markets have been included in this report.

The industrial turbines are used in industries such as oil and gas, chemicals, marine applications etc. The industrial energy consumption has increased from 143 GW in 2010 to 173 GW in 2023. Out of this industrial energy consumption, more than three-fourth is consumed by non-power end use applications. Global electricity consumption increased from 82 EJ in 2019 to 91 EJ in 2023. Global capacity for power generation stood at 9,436 GW in 2023. Out of this, the global capacity for gas power generation was 2,007 GW, 416 GW capacity for nuclear power generation and 2,204 GW capacity for coal power generation in 2023.

For gas turbines, the total number of orders were 327 units in 2023. Out of 273 orders of gas turbines in nine months ended December 31, 2024, GE, Siemens Energy and Mitsubishi Power Ltd. are the key manufacturers for gas turbines globally. Similar for steam turbines (which includes multiple fuel types such as fossil, biomass, nuclear etc.), the total number of orders were 501 units in 2023. Out of 364 orders of steam turbines in nine months ended December 31, 2024, Siemens Energy & Triveni Turbines Ltd have a combined market share of 38% (based on technology ownership and number of units). Azad Engineering Ltd. supplies components to some of the key manufacturers of energy turbines. In Fiscal 2024, the company has supplied to the customers which control approximately 75% of the gas turbine market (based on technology ownership and number of units ordered in nine months ended December 31, 2024) globally.

Revenue Passenger Kilometer (RPK) for the commercial aircraft industry is expected to increase to ~12 Bn by 2029, growing at a CAGR of ~6% in the period 2024-29. After a sharp decline due to COVID-19 (8.7 Bn RPK in 2019 to 3.0 Bn in 2020), the industry rebounded to 6 Bn in 2022 and 8.2 Bn in 2023. The Boeing Company & Airbus SE dominate the commercial aircraft industry with over 90% market share. The 2 companies have an order backlog of ~15,000 units as of 2024. Nearly 84% of these backlog orders were for narrow body aircrafts like Airbus A220, A320 and Boeing 737. In defence segment as well, the world spent US$ 2,333 bn in military expenditure in 2023 which is about 2.3% of global GDP. Azad Engineering Ltd. supplies components to OEMs as well as Tier 1 manufacturers in the aerospace & defence segment. The company has supplied critical components for aircraft platforms such as B737, B737 Max, B747, B777, B777X, A320, A350, A355, A350 XWB, Gulfstream G550.

In the oilfield industry, the company supplies components like drill bits, reamers that are used in the drilling equipment and are part of the exploration and production phase. In this segment, it has supplied to one of the global manufacturers of drilling equipment.

Among the addressable markets for the company, the energy turbine components market is expected to remain flat at ~ INR 314k Mn. The market for aerospace and defence components is the largest at INR 1,187k Mn in 2023 and also expected to have the highest CAGR of +11% by 2029. The overall addressable market across energy turbine, aerospace and defence components for the company is expected to grow at +9% CAGR from INR 1,501k Mn in 2023 to INR 2,500k Mn in 2029. Additionally, there is addressable market for oilfield drilling components which is expected to grow at +4% CAGR by 2029.

Addressable market size for the company (2023-29) (INR'000 Mn)

Market size	2023	2029	CAGR (2023-29)
Energy turbine components	314	308	0%
Power generation	0	0	
Gas turbine blades	57	57	0%
Gas turbine non-blades	186	187	0%
Nuclear turbine blades	4	4	0%
Nuclear turbine diaphragm	7	7	0%
Coal turbine blades	48	40	-3%
Industrial gas turbine blades	12	12	1%
Aerospace & Defence components	1,187	2,192	11%
Total addressable market	1,501	2,500	9%

Source: Company annual reports, IEA World Energy outlook dated October 2024, Global energy monitor July 2024, Global energy monitor February 2023, World Nuclear Association accessed January 2025, IAEA reports, IEF, S&P Global Upstream Oil and Gas Investment Outlook 2024, Schlumberger, Ltd. corporate overview

Note: 1. For A&D components market, the market includes the market for five key players: Eaton Corporation Plc, The Boeing Company, Honeywell International Inc., GE Aerospace & HAL

2. The market forecast for energy turbine (coal power, gas power & industrial gas) components is based on the STEPS scenario of IEA.

3. There is an additional addressable market for oilfield drilling equipment market (INR 340k Mn in 2023 for drill bits and INR 389k Mn in 2023 for downhole drilling tools which is expected to increase by +4% CAGR to INR 433k Mn in 2029 for drill bits and INR 496k Mn in 2029 for downhole drilling tools). These market numbers also include overall drill bits & downhole drilling tools market which is supplied by large OFSE players such as Schlumberger, Ltd., Baker Hughes etc. and doesn't specifically take into account the outsourcing share in this market.

Azad Engineering Ltd. increased its revenue from INR 1,235 Mn in Fiscal 2020 to INR 3,727 Mn in Fiscal 2024 (CAGR of 31.8% between Fiscals 2020-2024) with an EBITDA margin of 39.9% in Fiscal 2024. The company is one of the fastest growing manufacturers (in terms of revenue growth for the period between Fiscals 2020-2024) with one of the highest EBITDA margins among the key players mentioned in this report for machined components for the key industries serviced by the company.

The energy turbine, aerospace & defence industry have significant entry barriers due to a lengthy qualification process for the components driven by criticality of their usage. Some of these components are life critical and mission critical and hence, have zero parts per million defect requirements. Superior manufacturing demands a unique blend of expertise, innovation, quality, and advanced safety controls in the industry which cannot be obtained by only installing CNC machines. The vendors must go through separate qualification process for each component that they supply. The qualification process for a new vendor is stringent and includes multiple steps (such as assessment & audit of technical capabilities of the vendor, vendor registration, evaluation & test of the product qualifications). This entire process is time intensive and often takes more than 15 months to qualify as a supplier during which the vendor is evaluated by the OEM. The vendors also need to institute quality and tracking procedures for all products that are supplied which demands a higher order quality control.

Once a contract is awarded by an OEM to a supplier for a critical component, the OEM and the supplier typically spend significant amount of time and capital on design, manufacturing, first article inspection, testing & certifications for product specific equipment such as tooling. Any new supplier will need to undergo the same process. OEMs are reluctant to switch suppliers as there are high switching costs unless the current suppliers are unable to meet the requirements on quality, cost, or delivery.

Other than high quality requirement, OEM's vendor selection decision is primarily driven by the potential for cost saving. Hence, the vendors in these industries have to optimize labour cost while maintaining highly skilled labour. There is a preference of OEMs for suppliers who are capable of scaling over time and hence, aim for consolidation in the supplier base with a reasonable share – to each supplier. Hence, Indian players, who are able to qualify the stringent qualification process have an edge. Additionally, to ensure consistent supply by the vendors, OEMs also closely monitor geo-political risks associated with supplier locations. Locations with low geopolitical risk are preferred for developing a supplier base, and India is increasingly being considered a strategic procurement destination by OEMs.

MACROECONOMIC OVERVIEW

Overview of global GDP

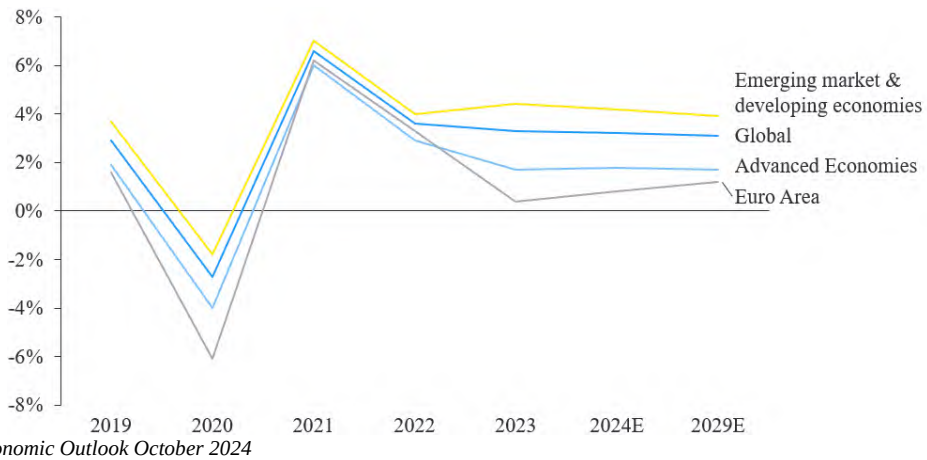
The global economy expanded at a compounded annual growth rate of 3.1% from 2010 to 2019. The Covid-19 pandemic crisis of 2020 impacted the growth, and the global economy contracted by ~3.3% and entered recession. The pandemic forced the economy to a standstill for almost the entirety of 2020 and some part of 2021. While the pandemic subsided, recovery was hindered further by the Russia-Ukraine war, a downturn in the United States, and challenges in the global supply chain. The world has begun to recover from the economic shocks of the last several years. The growth over past years can be linked to the fiscal and monetary policy shifts by different countries.

While the economy grew at a rate of 6.6% in 2021, it was followed by a growth rate of 3.6% in 2022, post the war related supply shortages impacted the world. Post a growth of 3.3% in 2023, a growth rate of 3.1% is expected from 2023 to 2029. A growth rate of 3.1% over the next 5 years would be an average performance when compared to the growth rates of pre-pandemic world.

Global economy was grappled with inflation, with rate of inflation reaching as high as 9.4% in Q3 of 2022. Now, with efforts across the globe, shifting monetary policy the inflation is expected to be at 3.5% by 2025 end. The economy stayed stable even despite the fear of impending recession given the contractionary monetary policy. 3.5% expected inflation rate is even lower vs the average of rate of inflation between 2000-2019. The inflation rate for 2024 is expected to be 5.8%, in the year 2023 it was 6.7%.

Global growth was led by emerging markets and developing economies, with established economies, particularly the United Kingdom and the Eurozone, increasing only at 0.3% and 0.4% in 2023, respectively. In 2024, Eurozone is expected to pick up after hitting lows in 2023, on account of increased goods imports to 0.8%. When compared to global GDP growth, emerging markets, and developing economies are predicted to grow at a rate of 4.2% in 2024 a low post a growth of 4.4% in 2023.

GDP growth across key aggregates of countries (2019-29)



Source: IMF World Economic Outlook October 2024

GDP growth across key economies (2019-29P)

Country	2019	2020	2021	2022	2023	2024P	2029P
United States	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	2.1%
United Kingdom	1.6%	-10.3%	8.6%	4.8%	0.3%	1.1%	1.3%
China	6.0%	2.2%	8.4%	3.0%	5.3%	4.8%	3.3%
India	3.9%	-5.8%	9.7%	7.0%	8.2%	7.0%	6.5%
Russia	2.2%	-2.7%	5.9%	-1.2%	3.6%	3.6%	1.2%
Japan	-0.4%	-4.2%	2.7%	1.2%	1.7%	0.3%	0.5%
Brazil	1.2%	-3.3%	4.8%	3.0%	2.9%	3.0%	2.5%

Source: IMF World Economic Outlook database October 2024
Note: Annual percentages are year-on-year changes of constant price GDP reported in the country local currency; the base year is country-specific

Growth outlook of key economies

Outlook on key advanced economies

- The growth rate of US in 2023 was 2.9%, for the year 2024 the GDP Growth rate is 2.8% with an expected growth rate of 2.2% in 2025. Among the developed countries, US is expected to lead global GDP growth. This is led by the expectation that the consumer spending will be healthy.

- The share of UK in overall GDP of advanced economies as per 2023 is 5.5% with a population share of 6.2%. The growth in consumer demand has led to upward movement of GDP growth rates from 0.3% in 2023 to 1.1% in 2024. In 2025, the GDP growth rate is expected to be 1.5% & 1.3% in 2029.

- Japan is projected to grow at 0.3% in 2024, with a 0.7% growth in final domestic demand vs a growth of 0.8% in 2023. In 2023, tourism traffic was a factor that had significantly boosted demand, now with that factor gone, a slowdown in growth is expected. Along with the tourism factor, the temporary disruption in auto industry will also create an impact.

Outlook on key emerging markets

- The GDP growth projections for China's economy in 2024 as per IMF is 4.8% and 4.5% for 2025. China has a share of 31.6% in 2023 in GDP among key emerging markets and developing economies. In 2029 the growth of GDP is expected to be 3.3%. China is facing a slowdown post the pandemic recovery, primarily due to slowing of manufacturing output and decreased domestic demand. But despite this slowdown and slow real estate sector, the growth projections for 2024 stand at 4.8%. This is led by better-than-expected growth in exports. The slowdown is going to be slow paced.

- Russian economy grew at 3.6% in 2023, and the same is expected in 2024, for 2025 IMF forecasts a growth rate of 1.3% in Real GDP. A loosened labor market and slow wage growth is foreseen for Russia. This would result in a decline in GDP by impacting consumption & investment both.

- The forecast for Brazil economy is 3% in 2024, followed by a projection of 2.2% in 2025. The country's economy grew in 2023 by 2.9%, the higher anticipation of growth in 2024 is due to better consumer demand and investment. In 2029, a growth rate of 2.5% is projected for Real GDP.

MACROECONOMIC OVERVIEW OF INDIA

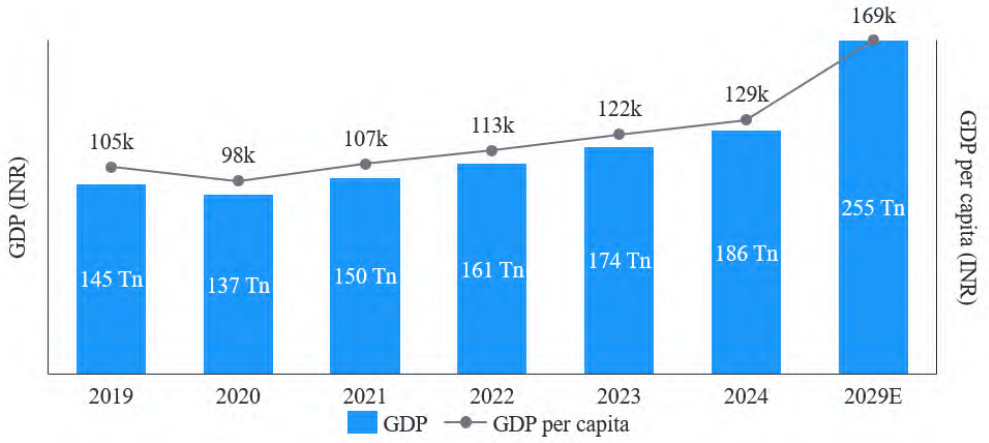
GDP growth for India

While some parts of the world are facing economic challenges, India showed robust growth in year 2024, led by strong growth in manufacturing sector. The strong policy support by the Indian government towards manufacturing sector is finally paving its way into results. Along with manufacturing, services sector also showed positive outlook. The growth is also led by robust consumption & growth in investments. In 2024, the Indian economy kept its spot as the 5th largest in the world, moving steadily narrowing the gap with Germany, the 4th largest economy.

If we look historically, the Indian economy had a steady growth over the last few years with the GDP witnessing a compounded annual growth rate of 6.6% from 2010 to 2019. The global pandemic in 2020 led to a 5.8% contraction in the economy. India has recovered from the slump from the pandemic period, with ~7% growth in 2024. Structural reforms of the government including higher FDI limits, focus on disinvestment have also supported the economy in the recovery post slowdown due to the pandemic.

For Fiscal 2025 the outlook of Indian economy is positive, the inflation rate is also expected to come down to 4.5% as per RBI expectations. Although the forecasted growth of 2025 is lower than 2024 due to completion of build-up demand from pandemic.

India GDP and GDP growth (2019-29)



Source: IMF World Economic Outlook database October 2024
Note: GDP at constant prices (Base year: 2011-12)

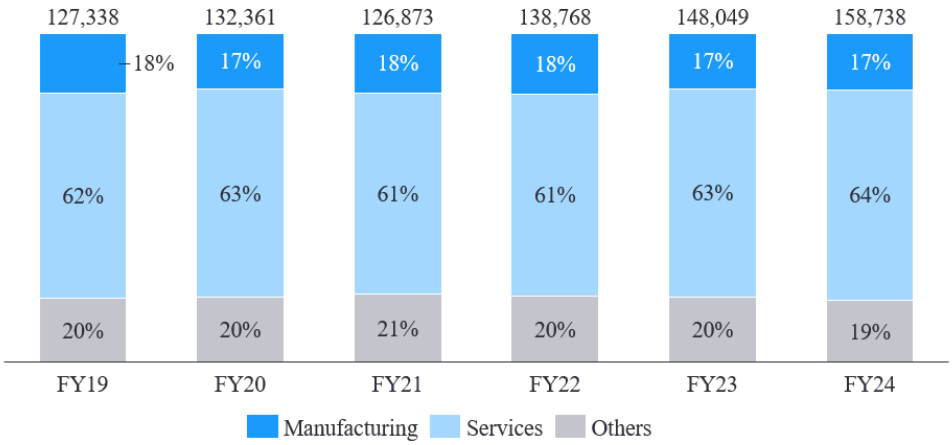
The outlook for the next few years is also positive for Indian economy with projected GDP growth of ~6%. Various initiatives by the government including Atma Nirbhar Bharat, PLI schemes and higher government spending on infrastructure are driving economic growth.

Indian manufacturing sector

India has the potential to become one of the largest manufacturing hubs in the world. It has a large population base with growing income, considerably younger proportion of workforce and business friendly sector policies which provide the opportunity to become a global manufacturer. In its latest report IMF highlighted how India & China are going to be the lucrative manufacturing destinations with advanced economies losing their sheen. Over the last 10 years, FDI inflows have gone to US$ 709.8 Bn (April 2014 to September 2024). The success of Make in India initiative sets a strong foot for the Indian manufacturing sector's imminent growth.

The country's manufacturing sector reportedly employs over 27 million people and the overall contribution of manufacturing to GVA is about 17%. The contribution of manufacturing to GVA has been broadly constant in the past few years, but the absolute GVA from manufacturing grew at a rate of 9.8% in Fiscal 2024 vs Fiscal 2023. The high real GDP Growth of Fiscal 2024 is largely attributed to the 9.5% growth in Industrial sector, with manufacturing being at its leading edge.

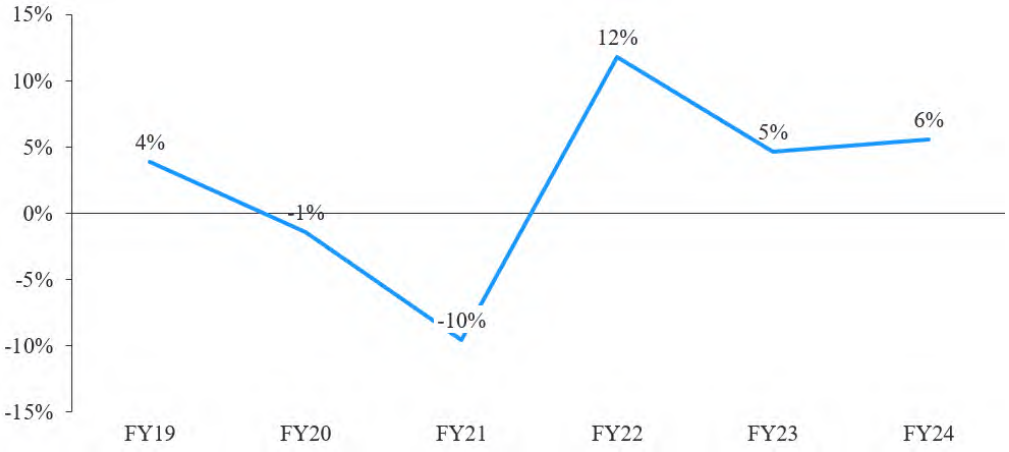
Contribution of manufacturing towards Gross Value Added (INR Bn) (FY19-24)



Source: RBI Handbook of Statistics on Indian Economy
Note: GVA at constant prices (Base year: 2011-12)

Index of Industrial Production ("**IIP**") which is an indicator of mining, manufacturing and electricity production has gotten back to pre-pandemic levels. Manufacturing IIP grew at a rate of ~6% in Fiscal 2024, led by top 3 categories- basic metal manufacturing, transport equipment & pharma products. The manufacturing sector contributes to more than 75% of the IIP in India.

Growth rate of manufacturing IIP over the years (FY19-24)



Source: Ministry of Statistics and Programme Implementation (MOSPI), India accessed January 2025

According to WEF article dated September 20, 2024 , India needs to focus on enhancing R&D measures to bring terms like quality & transformation in forefront rather than just being centered around low cost. The manufacturing sector also requires

capital investments and strong government policies to attract global manufacturing companies to manufacture in India along with embracing new technologies and educating their population greater than half of which are of ages under 30.

Enabling factors for Indian manufacturing sector growth

Global corporations throughout the world are working on implementing a "China plus one" strategy, in which they are exploring possibilities for suppliers outside of China to diversify their supply chains and tackle disruptions caused by the COVID-19 outbreak and mitigate risks from geopolitical tensions. As a result, India now has the opportunity to exploit its industrial strengths and become a global manufacturing hub. India's recent success in the service sector, as well as repeating that success in the manufacturing sector, is critical for the country to create more employment and achieve balanced and sustainable growth.

The government has recognized the need to promote domestic manufacturing and has been taking multiple initiatives to attract manufacturing investments and promote existing manufacturing capabilities.

India's new foreign trade policy 2023

Indian government has released a dynamic Foreign Trade Policy in 2023, with provisions for adaptable revisions and investor-friendly guidelines. The policy aims to be responsive and incorporate continuous feedback from the industry on necessary changes and upgrades. The new policy will focus on:

1. Incentives, tax breaks and remissions

2. Better trade through use of technology

3. Promotion of exports through collaboration of multiple stakeholders at exporter, districts, and state levels

4. Increased thrust for emerging areas such as e-commerce exports, developing export hubs across districts and streamlining the policy for SCOMET category of products. SCOMET stands for Special Chemicals, Organisms, Materials, Equipment and Technologies and refers to nine categories of products and technologies which have civil as well military applications such as nuclear materials, biological organisms, material processing equipment, aerospace systems etc.

In terms of policy support, the policy envisages enabling completely paperless authorization processes, automating approvals, and bringing down the processing time for approvals from about a month to under one day, reducing user charges, promoting the use of e-certificates, provisions for electronic data exchange with partner countries etc.

In terms of infrastructure and access, there are efforts to promote internationalization of Indian Rupee and improving manufacturing infrastructure by creating additional 'Towns of Export Excellence,' with export promotion benefits. The government also plans to extend initiatives under 'Vivaad se Vishwaas' to reduce potential for litigations and promote trust among foreign investors. The objective of FTP 2023 is to attain US$ 2 Bn in exports by 2030.

Make in India

Indian government launched the 'Make in India' initiative in 2014 to boost local manufacturing and to make India a global manufacturing hub. The scheme involved focused investments to increase innovation and intellectual property, develop best-in-class manufacturing infrastructure and promote favorable policy initiatives. The scheme currently focuses on improving twenty-seven key sectors, fifteen of which are manufacturing sectors with tailored 'Action Plans'. The Department for Promotion of Industry & Internal Trade ("**DPIIT**"), which also manages 'Invest India' to facilitate foreign investments into the country, has chosen twenty-four sub-sectors (including automobile, chemicals, medical devices, auto-components, defence manufacturing, electronic systems etc.) to boost local manufacturing based on local competency, potential for import substitution, opportunities for export and potential for increased employment opportunities. The Make in India scheme has completed 10 years, and it has successfully ran multiple initiatives under its umbrella some of them being PM GatiShakti, UPI, Startup India etc.

Atma Nirbhar Bharat Abhiyan

In the midst of the COVID-19 epidemic, the Government of India announced the Atma Nirbhar Bharat Abhiyan (or 'Self-reliant India') in May 2020. The campaign's principal goal was to recover from the economic impact of the pandemic and become self-sufficient on five key pillars: economy, technology-driven infrastructure, infrastructure, demand, and demographics. The Indian government unveiled a combined economic package worth INR 20 trillion (approximately 10% of India's GDP) to support a variety of projects aimed at benefiting enterprises, MSMEs, farmers, and the agriculture sector.

Reducing import dependence and promoting the growth of domestic manufacturing industry was one of the key emphases of the government in this scheme. Under Atma Nirbhar Bharat, the government also plans to introduce parameters for better

quality of output to meet international standards so that Indian products can compete in the global market. In 2024, as a result of Atma Nibhar Bharat, the Indian defence exports reached a record INR 1.27 lakh crores.

Production Linked Incentive ("PLI") scheme

India introduced the PLI scheme in 2020 to promote domestic production through subsidies and encourage exports while cutting down on cheap imports. The scheme is available across fourteen key manufacturing sectors including specialty steel, telecom, auto components, drone components etc. It is designed to provide incentives which are linked to investment and turnover size.

The country expects that PLI sectors will attract more FDI inflows due to added incentives especially in food processing, pharmaceuticals, and electronics segments. The government is analyzing the effect of the scheme and depending on the success, it is likely that the scheme will be extended across other manufacturing segments. Till mid of July 2024, 755 applications under PLI scheme have been approved so far, and till August 2024, it has generated 9.5 Lakh jobs so far. The cumulative outlay of the scheme has been US$ 24 Bn with focus on 14 sectors.

Ease of doing business

India ranks 63rd in the 'Ease of Doing Business' ranking by World Bank. This is a massive improvement over its position just a decade back, when it stood at 142nd rank in 2014. The improvement in ranking is driven by simplification of the business ecosystem through government initiatives such as 'Make in India', 'National Single Window System (NSWS)' etc.

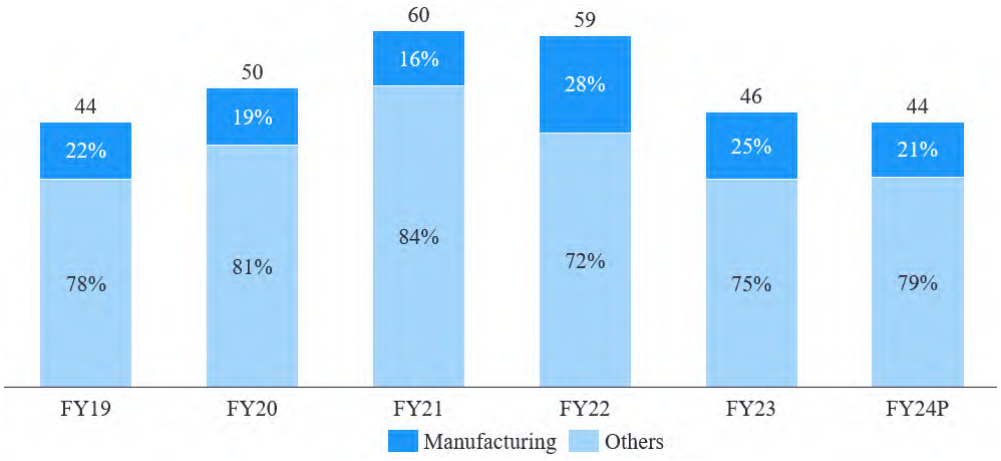
Among its South Asian peers, India ranked better in terms of trading across borders ranking including both 'Border compliance' and 'Documentary compliance' that improves cost to export; the country lagged China in-terms of time and cost to import and ranked the lowest in terms of time to export.

The government has been focusing on initiatives to empower India as an export destination and capitalizing on the opportunities arising out of global China plus one strategy. Thus, improving the overall ease of doing business in the country is a major milestone on the path towards manufacturing success.

FDI into the manufacturing sector

India is among the top 10 FDI destinations in the world. In this decade, Fiscal 2014 – Fiscal 2024, FDI in manufacturing has increased by more than 50% vs previous decade. The increase in the FDI inflows can be attributed to various government initiatives such as Make in India, Tax Reforms, Major reforms in some sectors such as Defense, Pharma etc. A 100% FDI under automatic route being allowed in manufacturing of space-based components. Steps taken by government towards improving the ease of doing business all these efforts combined have made India a lucrative investment destination. Over the last decade, FDI inflow in the manufacturing sector reached US$ 165 Bn.

Trends in FDI inflows into India (US$ Bn) (FY19-24)

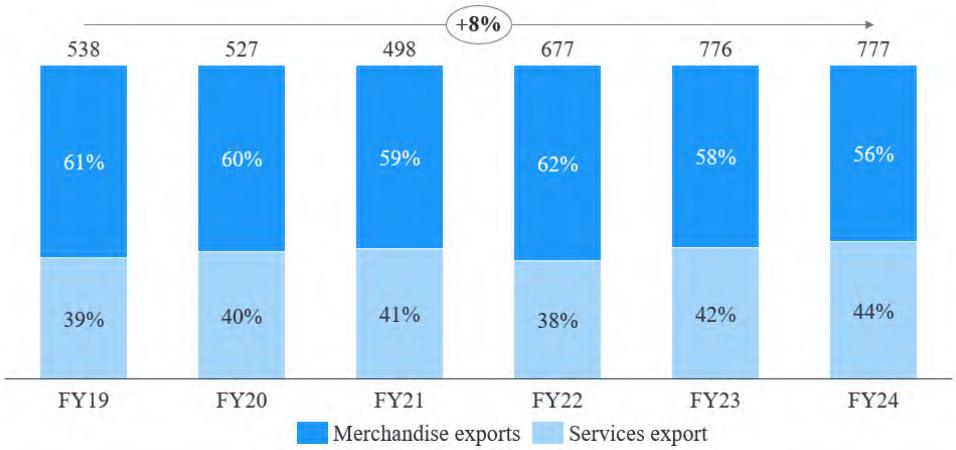


Source: Reserve Bank of India Annual Report dated May 2024
Note : Includes FDI through approval, automatic and acquisition of existing shares routes

Trends in India's manufacturing sector foreign trade

India has traditionally been a foreign trade deficit nation. The country is a net exporter of services, but it is a net importer of global goods. The total exports from India have grown at a CAGR of 8% in the last 5 years.

Export statistics for India (US$ Bn) (FY19-24)

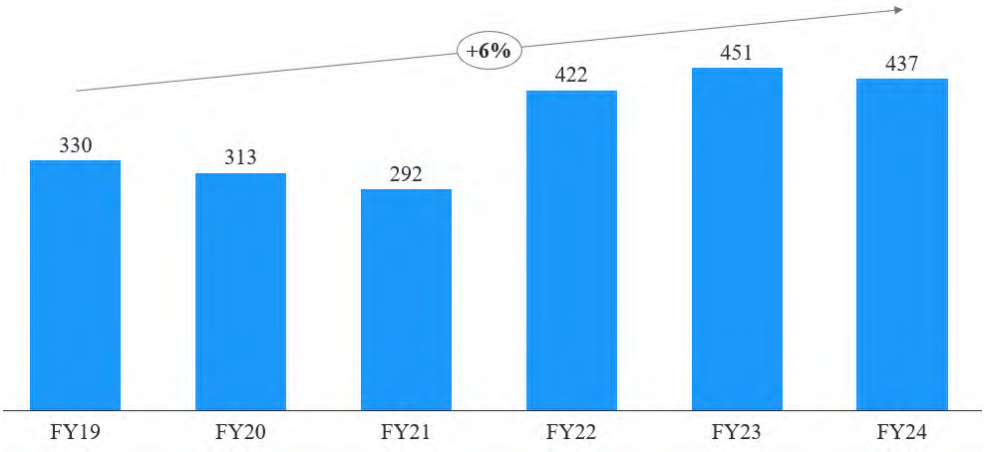


Source: Ministry of Commerce and Industry

India's merchandise exports

The growth in manufacturing sector in India due to various government policies and trade agreements have had a positive impact on the merchandise exports from India. Merchandise exports from India have grown at a CAGR of 6% from Fiscal 2019 to Fiscal 2024.

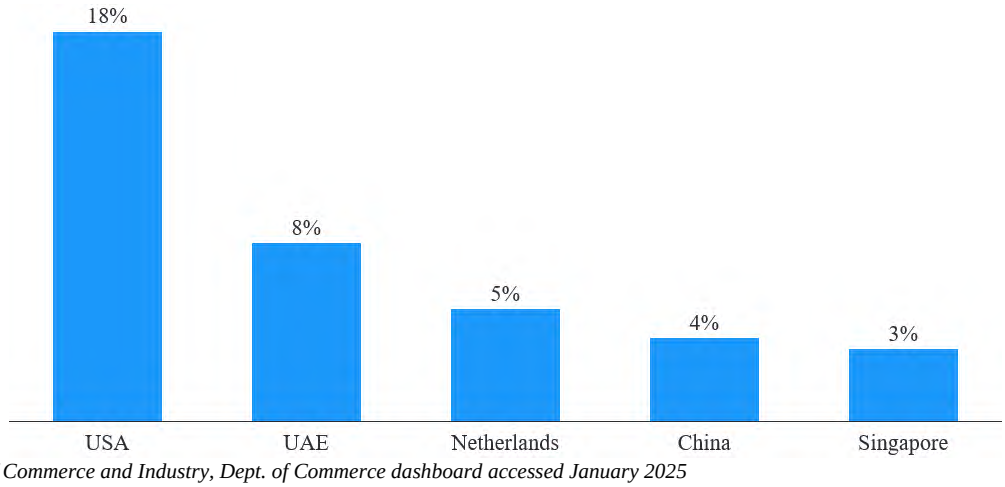
India's merchandise exports (US$ Bn) (FY19-24)



Source: Ministry of Commerce and Industry

In terms of demand for Indian goods, USA is the major export destination and accounts for 18% of exports from India in Fiscal 2024, followed by UAE, Netherlands, China, and Singapore.

Top five destinations for Indian merchandise exports in Fiscal 2024



Source: Ministry of Commerce and Industry, Dept. of Commerce dashboard accessed January 2025

Of the top five commodities exported from India at an HS Code level, petroleum products such as mineral fuels, oils, mineral waxes, and bituminous substances that fall under the HS code 27 constitute the largest share of exports from India and accounted for about 20% of total exports in Fiscal 2024. Electrical machinery and equipment, natural or cultured pearls, precious or semiprecious stones, nuclear reactors, boilers and parts and pharmaceutical products accounted for the other major product categories in the top five.

Pharmaceutical products replaced Organic chemicals in the top five as compared to Fiscal 2023. Export of mineral fuels, precious or semiprecious stones and pearls have reduced compared to previous years, exports of electrical machinery and equipment have witnessed a growth of ~20% in Fiscal 2024.

As of Fiscal 2025 Apr-Nov, top 5 nations importing from India are USA, UAE, Netherlands, UK & Singapore, with total merchandise exports valued at US$ 283 Bn.

Value share of top five export commodities in FY24 and change from FY23

Commodity definition*	Share of total trade in Fiscal 2023	Share of total trade in Fiscal 2024	% Growth in Fiscal 2024
Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes.	22.4%	20.1%	-13.5%
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	6.3%	7.9%	20.3%
Natural or cultured pearls, precious or semiprecious stones, pre-metals, clad with pre-metal and articles thereof imit. jewelry; coin.	8.4%	7.5%	-13.8%
Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof.	6.1%	6.9%	9.4%
Pharmaceutical Products	4.4%	5.1%	11.3%

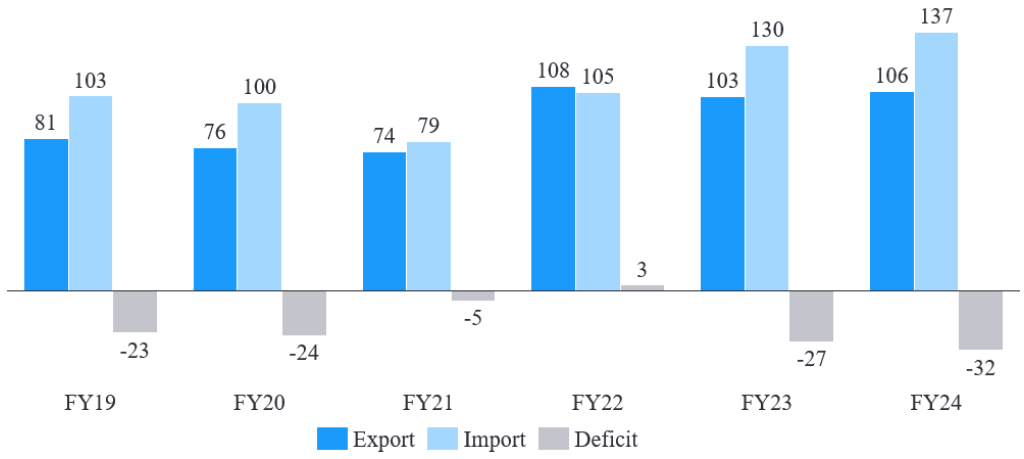
Source: Ministry of Commerce and Industry, Dept. of Commerce dashboard accessed January 2025
Note: Definitions as per Ministry of Commerce and Industry, Dept. of Commerce

Trends in engineering products export

India has historically had a trade deficit in the engineering products segment with high value goods traditionally being imported. In Fiscal 2024 the trade deficit stood at US$ 32 Bn. For Fiscal 2025, Apr-Nov, the trade balance stands at US$ 22 Bn with China being the top exporter to the nation followed by Germany by a huge margin.

Engineering products (across multiple HS codes) account for 24% of total merchandise exports from India and the exports in this segment have grown at a CAGR of 5.4% between Fiscal 2019 to Fiscal 2024.

Trade statistics for engineering products (US$ Bn) (FY19-24)

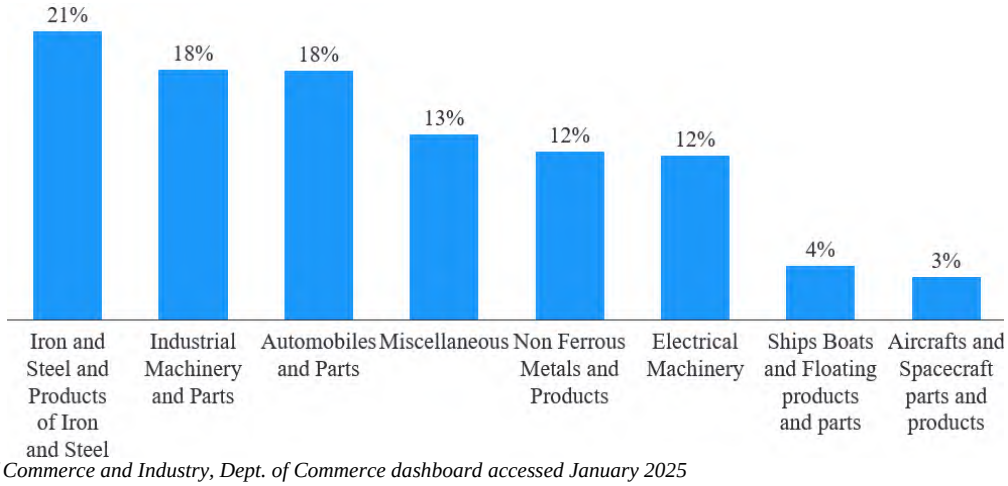


Source: Ministry of Commerce and Industry, Dept. of Commerce dashboard accessed January 2025

United States, UAE, Saudi Arabia, Germany & Italy were the top five top export destinations for India for engineering products. China, Germany, USA, Japan & Korea were the Top 5 importing nations to the country.

Iron and steel & their products form the largest group of exported products followed by Industrial Machinery & Parts. For Iron & Steel USA is the largest exporter followed by Italy. For Industrial Machinery & Parts also, USA is the largest exporter followed by Germany. In Fiscal 2025, Apr-Nov as well this lead is maintained by both categories.

Sub-category wise value share break-up of engineering product exports from India (Fiscal 2024)



Source: Ministry of Commerce and Industry, Dept. of Commerce dashboard accessed January 2025
Note: Sub-category definitions as per Ministry of Commerce and Industry, Dept. of Commerce

ENERGY INDUSTRY

Presence of Azad Engineering Ltd. in the Energy industry

Azad Engineering Ltd.'s key customers are in the power and industrial turbine industry. The company supplies precision, forged and machined components for energy turbines (which are used in industries & power plants with different fuel types such as gas, nuclear and coal). The company provides precision, forged and machined airfoils and other special machined parts (SMP) and hence is a key link in the global supply chain for customers in the industry. These components are high precision components and are mission critical & hence, have a "zero parts per million" defects requirement.

The company has developed manufacturing capability to deliver solutions which have helped clients and has supplied to both Indian and global OEMs many of which are leaders in their respective sectors. In Fiscal 2024, the company has supplied to the customers which control approximately 75% of the gas turbine market (based on nine months ended December 31, 2024 orders) globally. Airfoils contributed to majority of the sales for the company in Fiscal 2024 at ~80% of the total sales in energy segment. Other than this, the company also supplies other special machined components for energy turbines. Azad Engineering Ltd. has witnessed an increase in its market share for airfoils in the period Fiscal 2019- Fiscal 2024 as the growth of blades market in energy sector has been at a CAGR of 2% in Fiscal 2019 to Fiscal 2023 compared to overall revenue growth of Azad engineering at 31.8% in Fiscal 2020 – Fiscal 2024. The company has over 15 years of experience as a Tier I supplier of high precision components for energy industry. The demand for these products is driven by the orders for these components in either new energy turbines (industrial & gas, nuclear and coal power plants), or the service market. The demand for both in turn is driven by energy consumption and growth in energy demand.

This section of the report covers the assessment of energy industry (including coal, gas, and nuclear power) along with an overview of the energy turbine market.

Assessment of Energy industry

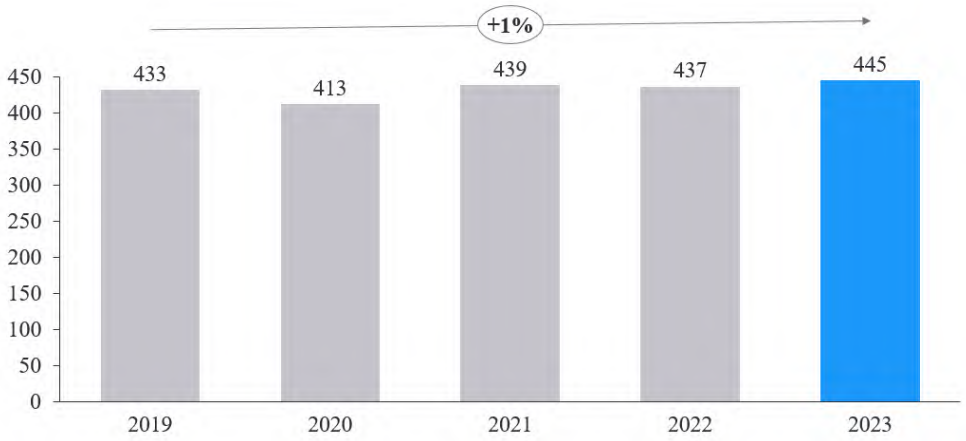
Global energy consumption review and outlook

Overview of global energy consumption

There has been a steady increase in energy consumption, which is rebounding from setback due to COVID-19 pandemic.

Over the last 5 years, the global energy consumption has witnessed a steady upward trend with annualized growth rate of ~0.7% from 2019-2023, driven by macroeconomic factors such as increase in income levels, urbanization, and industrialization. Even though energy consumption growth slowed down in 2022 (about 3%) as compared to 2021 (about 6%), that was primarily a result of lower base in 2020 due to temporary reduction resulting from the COVID-19 pandemic.

Global total energy consumption (EJ), (2019-23)



Source: IEA World Energy Outlook 2024

Global energy demand outlook

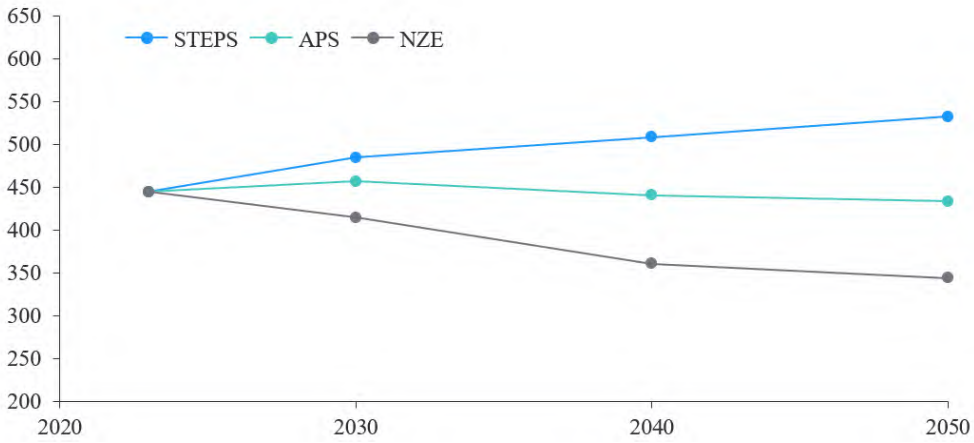
International Energy Agency ("**IEA**") has created three scenarios for the energy demand outlook based on the policies and actions of the governments. These scenarios estimate the outlook assuming different possible cases. The primary difference is the overall mix of energy and share of renewables within the final energy consumption mix. The scenarios are described below:

1. ***States policies scenario (STEPS):*** It projects the outlook based on current policies of the government and is the most conservative scenario (when compared with the other two cases). It takes into consideration the existing policies as well as the policies already under progress. It takes an assumption that the temperature will rise by 2.4 degrees by 2100 (probability 0.5)

2. ***Announced Pledges scenario (APS):*** This is the base case where the countries meet all the targets set by the government for long term (2050) and well as 2030. All the commitments will be met fully as per the assumptions in this case. It takes an assumption that the temperature will rise by 1.7 degrees by 2100 (probability 0.5).

3. ***Net Zero emissions by 2050 scenario (NZE):*** The most optimistic scenario is net zero case. The projections set by this case are challenging but will have the highest impact on net carbon emissions moving forward and target zero emissions by 2050. It takes an assumption that the global temperature will rise by 1.5 degrees by 2100 (probability 0.5).

Global energy demand forecast scenarios (EJ)



Source: IEA World energy outlook 2024

In the STEPS scenario, it is estimated that the energy consumption will increase at 1.3% annually till 2030, this would follow a growth of 0.5% till 2050.

In APS scenario, renewable power demand is projected to rise faster. NZE scenario takes a more conservative outlook of total energy consumption however renewable energy will account for the maximum share of power within the total mix.

Global energy consumption scenarios by fuel (EJ), (2030-50)

Fuel	2030			2040			2050		
	STEPS	APS	NZE	STEPS	APS	NZE	STEPS	APS	NZE
Oil	181	166	139	171	126	74	167	96	39
Power	114	115	116	143	151	157	168	184	188
Natural gas	78	70	58	81	55	30	82	45	16
Coal	50	44	38	46	30	18	42	19	7
Bioenergy	33	27	22	33	26	25	33	28	27
Others	29	35	42	35	53	57	41	62	67
Total	445	457	415	509	441	361	533	434	344

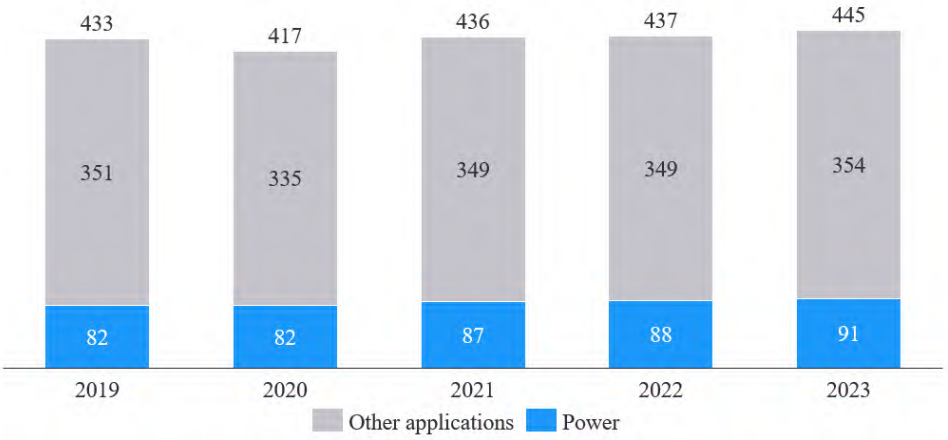
Source: IEA World energy outlook 2024

Global power consumption review and outlook

Historical power consumption trends

Electricity makes up for about a fifth of the global total final energy consumption. Global electricity consumption was roughly 91 EJ in 2023 with an increase of around 3% (relatively higher than the 1% growth in power consumption in 2022). At a rate of 6%, the growth for 2021 was the highest since 2010 majorly driven by COVID-19 pandemic recovery of many economies.

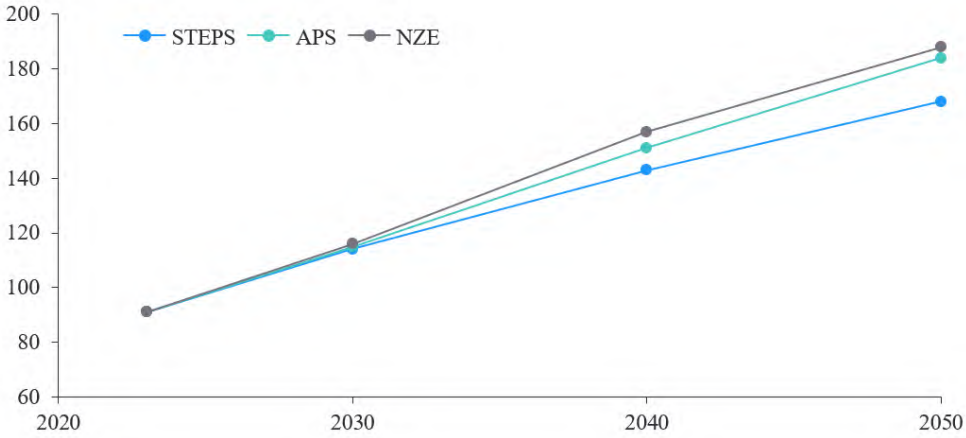
Global power share within overall energy consumption (EJ), (2019-23)



Source: IEA World energy outlook 2024

Share of power out of the total energy consumption is expected to increase. In STEPS scenario, the demand will rise to about 114 EJ by the end of the decade and then reach around 168 EJ by 2050. The final consumption for 2030 remains similar in APS as well but the demand rises to 184 EJ by 2030, making up around 42% of total energy consumption.

Global power consumption outlook scenarios (EJ)



Source: IEA World energy outlook 2024

Global power generation and capacity overview

The share of fossil fuels in electricity production fell to 60% in 2023, this is the lowest in last fifty years. The share of renewables has been on a consistent rise in overall mix of power generation, specifically share for solar and wind power. Coal as a source of power generation is expected to reach limit by 2025, post which we can see a major shift. Renewable sources of power generation are going to dominate the split of power generation by 2050.

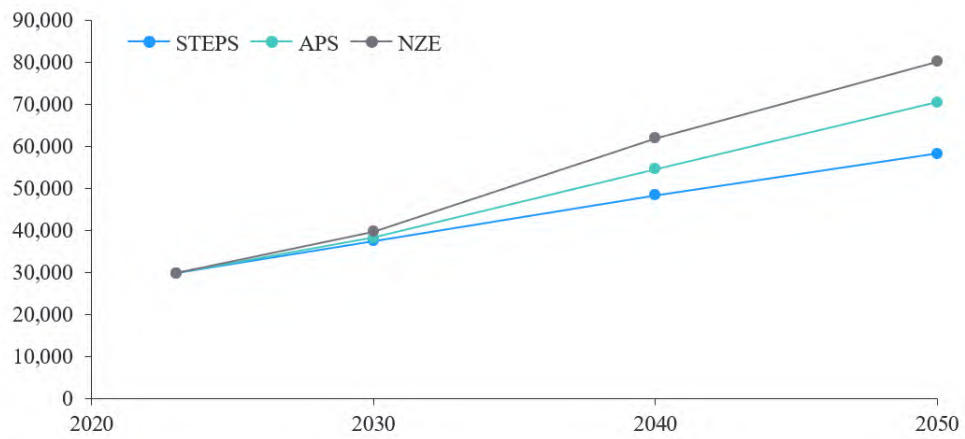
Global power generation (TWh), (2019-23)

Fuel	2019	2020	2021	2022	2023
Coal	9,911	9,439	10,247	10,451	10,648
Renewable	7,114	7,539	7,964	8,567	9,029
Natural gas	6,356	6,333	6,526	6,515	6540
Nuclear	2,790	2,673	2,810	2,684	2,765
Others	788	724	799	928	881
Total	26,959	26,708	28,346	29,145	29,863

Source: IEA World energy outlook 2024, IEA World Energy Outlook 2023, IEA World Energy Outlook 2022, IEA World Energy Outlook 2021

Similar to the trends in power consumption, it is expected that there will be rise in electricity generation across all the three cases of IEA. However, the mix of energy used for this generation is highly dependent on the policies and decisions of the policy makers.

Global power generation outlook scenarios



Source: IEA World energy outlook 2024

There is a significant variation in the usage of renewable energy for power generation across different IEA scenarios (STEPS, APS and NZE). However, the share of nuclear is expected to remain constant at 9% in STEPS & APS and 10% in NZE by 2030.

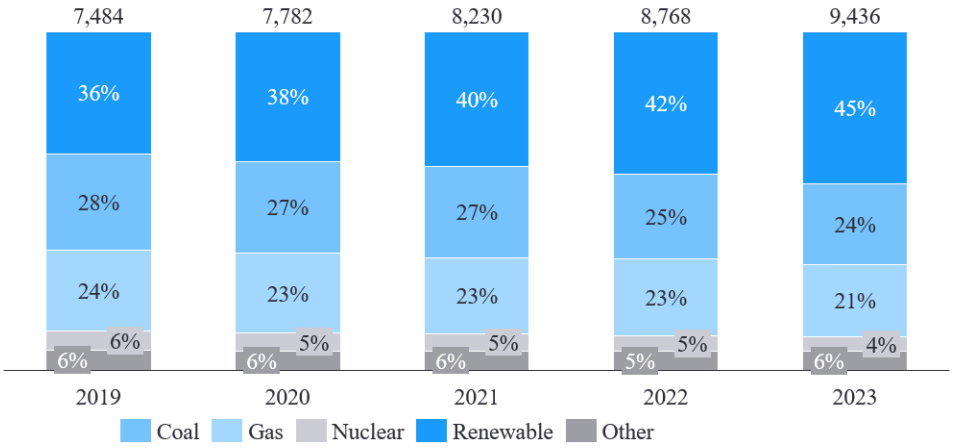
1. ***STEPS*** – The share of renewables is projected to rise to about 47% by 2030 and power generation using fossil fuel generation will fall to 44%.

2. ***APS*** – Power generation using renewable energy is projected to make up almost 52% of the power in 2030 with power generation using fossil fuels expected to fall to roughly at 38%.

3. ***NZE*** – The biggest jump in renewables is projected in NZE where renewables and nuclear make up for about 69% of the total power generated by 2030 and fossil fuel-based power generation falls to 30%.

The global capacity for power generation stood at 9,436 GW in 2023, a growth of 8% over 2022. The current capacity is dominated by fossil fuel-based power plants with share of renewables being about 45%. The principal factor however is how this capacity mix has been evolving. The share of coal and oil combined has declined from 52% in 2019 to about 45% in 2023 while the share of renewables has increased from 36% to 45%.

Global power generation capacity (GW), (2019-23)



Source: IEA World energy outlook 2024

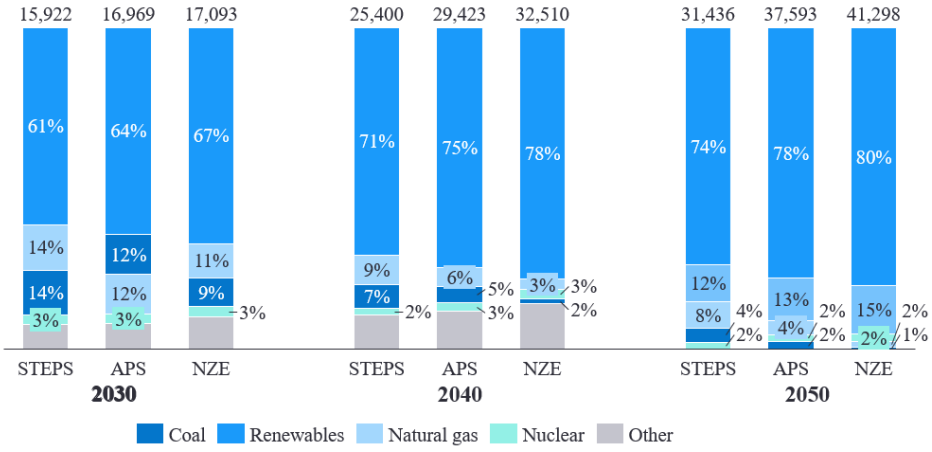
The projections for total capacity as well as capacity mix varies considerably across the three scenarios:

1. ***STEPS*** – Capacity for coal-based power generation (which is under development at present) is expected to continue growing in the near future and reach its highest by 2025, after that, it will start to decline. Share of coal within the power generation capacity is expected to fall to 4% by 2050.

2. ***APS*** – APS projects the share of coal to decline to 12% by 2030 and further reduce to less than 5% by 2050. Capacity for natural gas power plants is also projected to fall to about 4% by 2050 with renewables accounting for 78% by 2050. IEA estimates the share of nuclear will be 2% in 2050.

3. ***NZE*** – Net zero takes the renewable capacity all the way up to 67% by the end of this decade and 80% by 2050. The capacity for gas and coal combined falls to less than 5% by 2050.

Global power generation capacity outlook scenarios - split by fuel (GW)

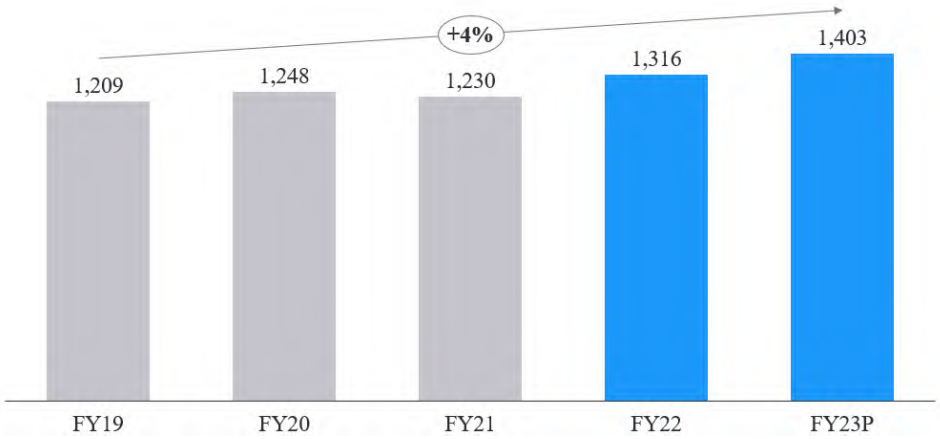


Source: IEA World energy outlook 2024

India's power consumption and demand outlook

Presently in Fiscal 2023, the Indian electricity consumption is expected to be about 1,403 TWh, a 4% compounded annual growth from Fiscal 2019. This growth rate is almost two times of the global consumption growth. There was a decline in demand in 2021 owing to COVID-19 pandemic. The rate of consumption of power is increasing, with India ranking 3rd globally. Nearly 3/4th of the demand is still dependent on the conventional sources of fuel.

India's power consumption (TWh), (FY19-23)



Source: CEA, MOSPI Energy statistics India, dated March 2024

Per-capita consumption in India is 1.33 MWh in Fiscal 2023 as per CEA which a significant increase from about 0.6 MWh per capita in Fiscal 2007. There is a huge opportunity to further increase this consumption as the per capita consumption for US is 11.9 MWh and for Europe it is 5.2 MWh in 2023.

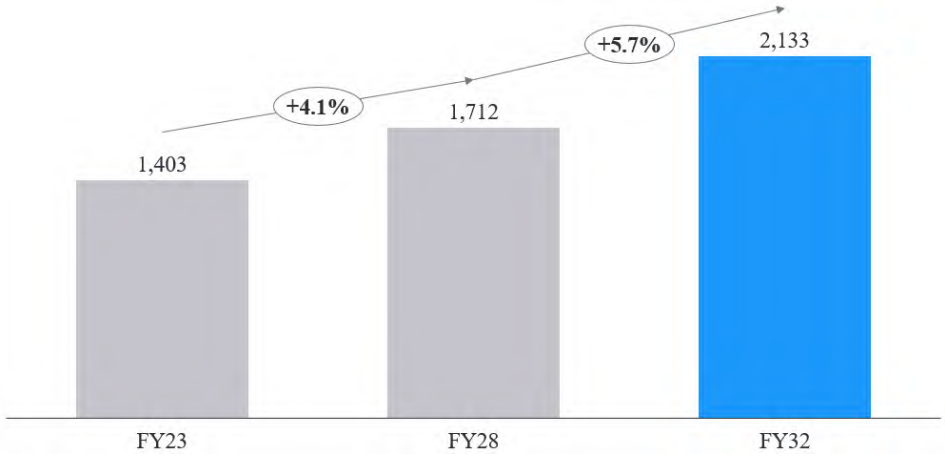
India's per capita power consumption (MWh) trend, (FY19-23)

Source: CEA General Review 2024

India's demand forecast and growth drivers

India has been an economy where services sector has contributed to majority of GDP, but services sector consumes comparatively lesser power. Moving ahead with the developing industrial sector, growth in population and increasing urbanization, India's power demands will go up. The potential to push demand is high led by infrastructural development that India's future beholds. The consumption according to CEA estimates would reach 1,712 TWh in the next 5 years and reach 2,133 MWh by Fiscal 2032. The growth rate over the next 5 years would be 4.1% & further from 2028-2032 the CAGR is expected to be 6%.

India's power consumption outlook (TWh), (FY23-32)



Source: CEA Electric power survey India, dated November 2022

Rural development would lead to shift in consumption of solid biomass which will be replaced with electricity by 2040. All these factors will push the residential sector share of demand to three times. However, based on IEA, traditional fuels like solid biomass, firewood and others would be in usage over a medium time frame by 2030, especially in the rural & sub-urban areas.

Following the footsteps of developed nations, while attaining net-zero emissions is a goal for the Indian government, they are pushing towards lesser usage of fossil fuels. However, the government also wants to ensure that there is sufficient power across the country. Hence, it is projected that there would be major changes in demand as well as in the mix of energy which will be utilized in India.

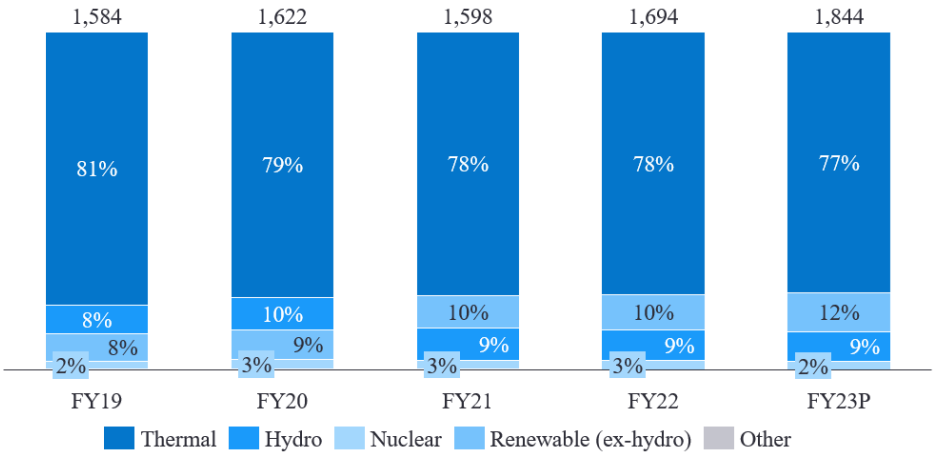
India's power generation review and outlook

Power generation in India

As per CEA, India's current power generation stands at about 1,844 TWh, growing at about 3.8% CAGR from Fiscal 2019 to Fiscal 2023. The generation growth is in line with the fast-growing demand. Ministry of power has taken significant initiatives to drive power generation in India and move India to a power surplus nation. Significant strides have been made by the government to connect the whole country onto one grid and to boost electrification in Indian households.

Majority of the generation is still driven by thermal power plants using coal as a fuel source; however, the share of thermal has been declining slowly over the years.

India's power generation (TWh) – split by fuel, (Fiscal 2019 – Fiscal 2023P)



Source: CEA, MOSPI Energy statistics India, dated March 2024

Coal-fired power generation has been on a decline in terms of share within the overall mix. The share of thermal in India's power mix has reduced from 81% in Fiscal 2019 to about 77% in Fiscal 2023(P) as per CEA. Power generation from renewable energy sources has increased to 375 TWh during Fiscal 2023 registering a CAGR of 13.7%. Share of generation from renewable sources (including hydro) in total generation has increased to about 20% during Fiscal 2023.

Share of generation from non-fossil fuel (renewable energy and nuclear) in total power generation has increased to 23% in Fiscal 2023, with nuclear power accounting for just about 2%.

As per ministry of power, India presently has about 40 GW capacity under construction for thermal and hydro-based power plants out of which 28 GW is for thermal, and 12 GW is for Hydro based power plants. As per the Ministry of Power, by FY32, the total installed capacity for renewables will reach 322 GW.

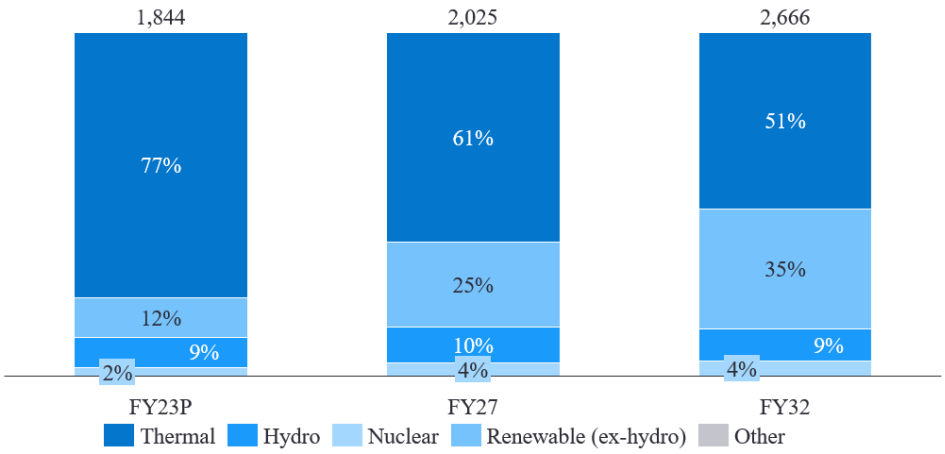
India's power generation outlook

The generation capacity has been dominated by usage of fossil fuels, although there is a constant awareness & push towards renewable sources. And, despite India being a developing nation, it has made strides towards clean energy transition and net zero emission.

Post the commissioning of the ongoing coal-power based projects, it is expected that the demand for coal will slow down.

According to IEA, the share of coal in India's energy mix would decline from 73% in 2023 to 41% in 2035, despite this coal-fired power forms most of the power generation (77% in Fiscal 2023 as per CEA) in the country. In absolute terms, given that the entire rising demand of power cannot be met by renewable sources, coal-based power generation would slightly pick up. Although according to CEA, the share of thermal power plants would become 51% by Fiscal 2032.

India's power generation outlook (TWh) – split by fuel, (Fiscal 2023P- Fiscal 2032)



Source: CEA, National electricity plan, dated March 2023, MOSPI Energy statistics India, dated March 2024

Aiming to transition to renewable sources for power generation, India faces two key challenges:

1. Maintaining the affordability of renewable energy along with the financial stability for the distribution company, considering the cost of battery storage systems.

2. Timely infrastructure required for evacuation of renewable power.

The country is planning to expand its renewables-based power generation capacity from 203 GW (as of Oct 2024) to 500 GW by 2030. The states within India which have a greater share of renewable energy have been facing challenges from Variable Renewable Energy ("**VRE**"), these states have expressed concerns over the capacity expansion leading to the same. This issue can be curbed by either cutting down the established thermal power plants or by supplying the excess capacity to states with lesser capacity.

The battery energy storage system (BESS) that stores renewable energy for future usage poses some challenges. These have performance issues along with high upfront, maintenance & monitoring costs. This makes it challenging to shift to renewables sources of energy.

India's power generation captive capacity

The industries that have captive capacity keep it for times when there are power failures & emergency situations to ensure a steady power supply. These industries usually are electricity intensive like manufacturing plants for chemical and fertilizers, steel, and iron plants as well as sugar mills.

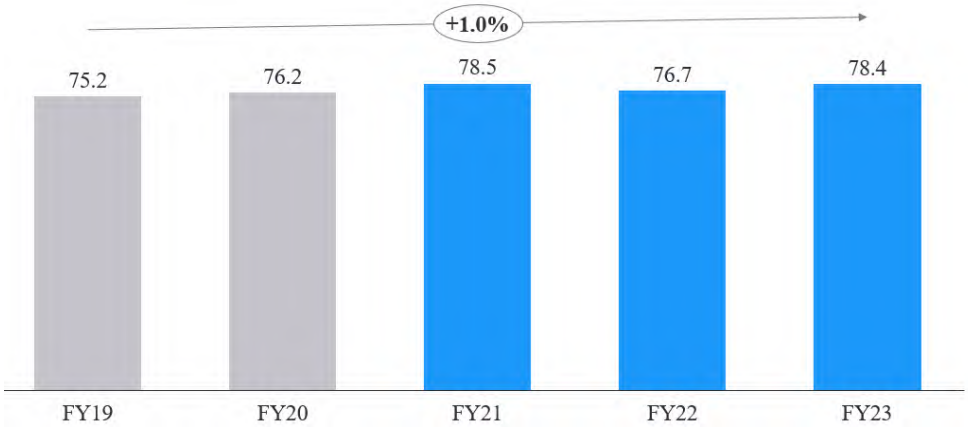
The companies (with capacity above 0.5 MW) have 78.4 GW of capacity & have a prominent place in the overall power generation industry in India. There are two reasons of companies having captive capacities:

1. It provides an alternative source against unreliable supply from the grid.

2. Consumers (especially large industrial plants) benefit at times from cheaper power than that supplied by the grid.

According to CEA, the total installed capacity in India including captive power plant (with industries having capacity of more than 0.5 MW) increased to ~494 GW by Fiscal 2023 as compared to ~475 GW in Fiscal 2022.

Power generation captive capacity - India (GW), (Fiscal 2019- Fiscal 2023)

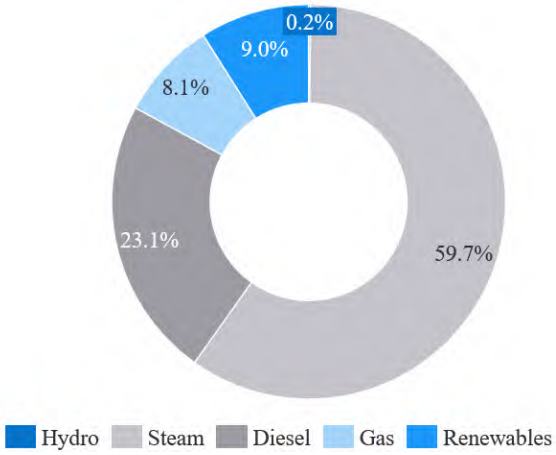


Source: CEA, General review 2023, CEA, General Review 2024

Basis the analysis of CEA, 8,408 captive power generation units were identified & analyzed with capacity greater than 0.5 MW.

Currently, more than 50% of India's 78.4 GW of installed captive capacity (for units with capacity above & equal to 0.5 MW) is coal-fired, followed by diesel generators with about 23% share. Petrochemical and Metal Industries were the main users of coal-based power. The share of gas and renewable in captive power is ~8% and 9% respectively.

Power generation captive capacity – Split by fuel (Fiscal 2023)



Source: CEA, General review 2024

Assessment of Gas Energy industry

Overview of global gas energy industry

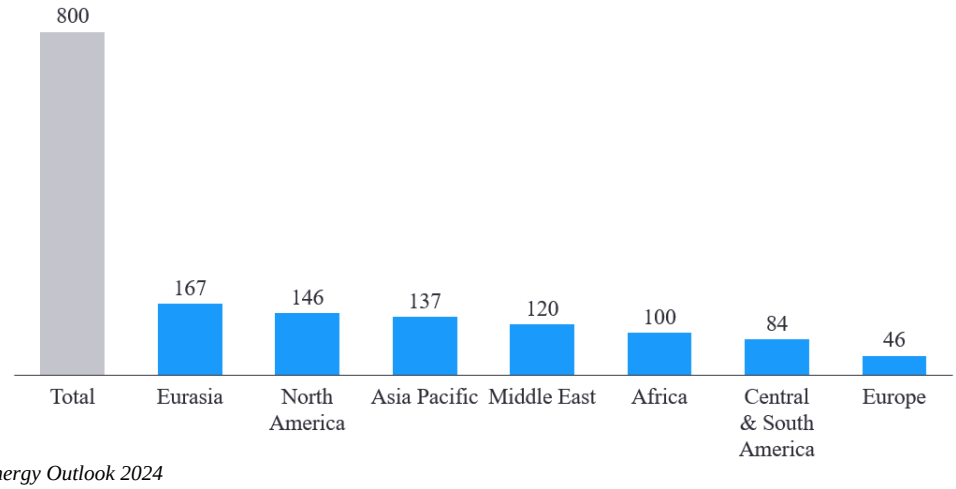
As per the latest estimates of IEA, the electricity demand from regions like China, Middle East are going to push the requirement of natural gas therefore further pushing the estimates of 2030.

In 2023, post the war in Russia-Ukraine, a stability can be seen in natural gas. The demand of natural gas went from 4,213 bcm in 2021 to 4,186 bcm in 2023. In 2023, out of the 4,186 bcm, demand from power industry was 1642 bcm, and 936 bcm of demand was from industry applications. The demand of gas is highly dependent on power sector. Regions like Middle east have ~70% dependency on natural gas for electricity production, as per 2022 data, and with the mandate to reduce oil as a source for electricity generation it is expected to go further up.

Gas reserves

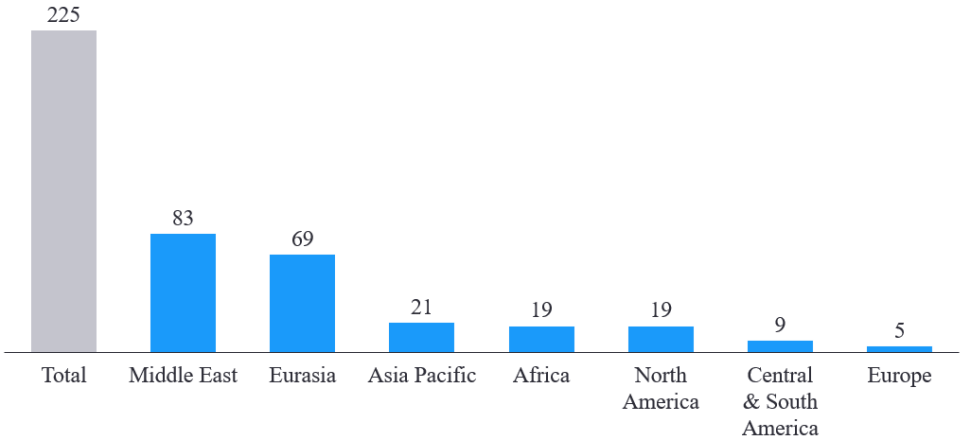
As per the latest data of IEA, a total natural gas reserves of 800 tcm are present with 225 tcm of proven resources. More than 65% of the proved reserves are present in Middle East, Eurasia and Asia Pacific.

Global total natural gas reserves (2023), trillion cubic meters



Source: IEA World Energy Outlook 2024

Global proved natural gas reserves (2023), trillion cubic meters



Source: IEA World Energy Outlook 2024

Eurasia while having the most number of natural gas reserves, Middle East has the highest number of proven reserves.

Global gas production

In 2023, the natural gas production was 4,218 bcm slightly higher than 2022. Over the last 5 years it has grown up by 1% and is also expected to grow by 1% by 2030, as per the Stated Policies Scenario of IEA.

Production of natural gas by continent 2019-30, bcm

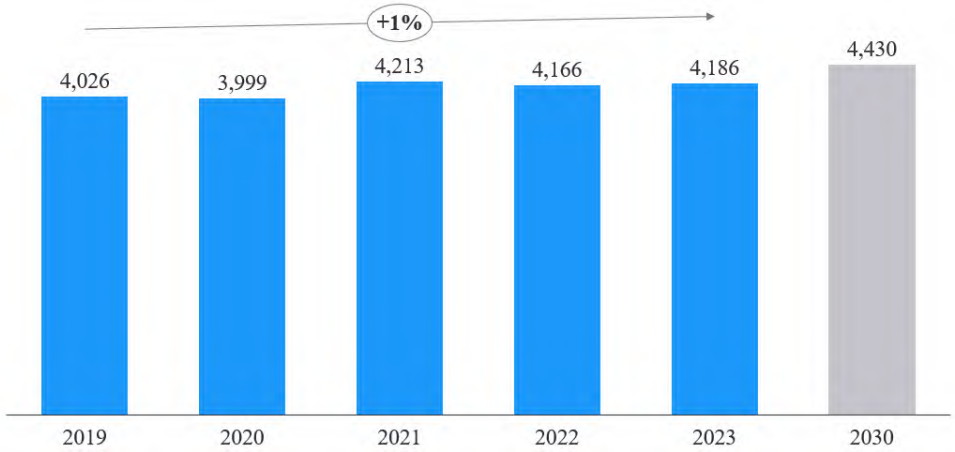
Continents	Natural gas production (in bcm)					
	2019	2020	2021	2022	2023	2030
Asia Pacific	636	643	648	686	688	671
Africa	250	244	265	254	262	284
Central & South America	174	151	151	161	160	164
Eurasia	959	926	998	896	851	891
Europe	260	241	239	253	236	198
Middle East	653	645	660	687	698	903
North America	1,159	1,165	1,189	1272	1323	1319
World	4,091	4,015	4,149	4,210	4,218	4,430

Source: IEA World Energy Outlook 2024
Note: Estimated production of Natural gas for 2030 is basis Stated Policies Scenario of IEA

Global gas demand

Global gas demand in 2023 was 4,186 billion cubic meters growing at a rate of 1% vs 2019. By 2030 based on the STEPS scenario of IEA, the demand is expected to reach 4,430 billion cubic meters.

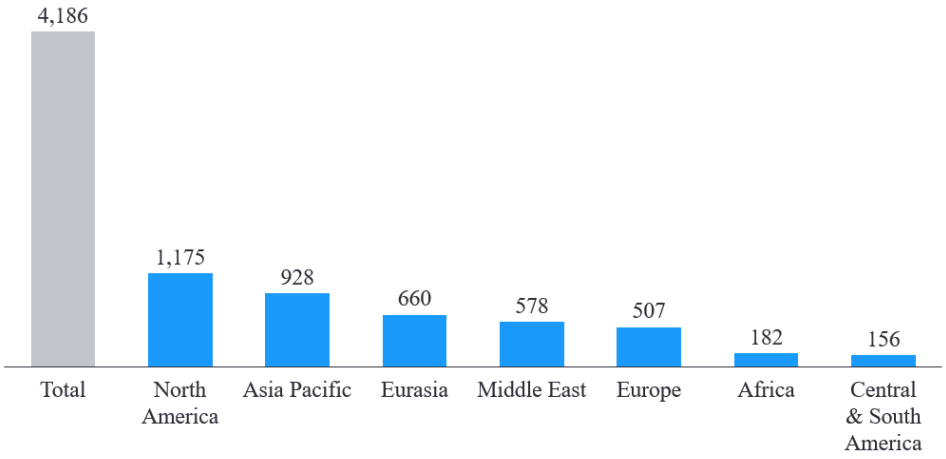
Global total natural gas demand 2019-30, billion cubic meters



Source: IEA World Energy Outlook 2024

As per IEA estimates, STEPS scenario in 2030, Power & Industry sectors will continue to be the highest contributors to the demand for natural gas, with Power sector demand increasing at 0.1% & Industry demand increasing at 1.5%.

Split of global total natural gas demand (2023), billion cubic meters



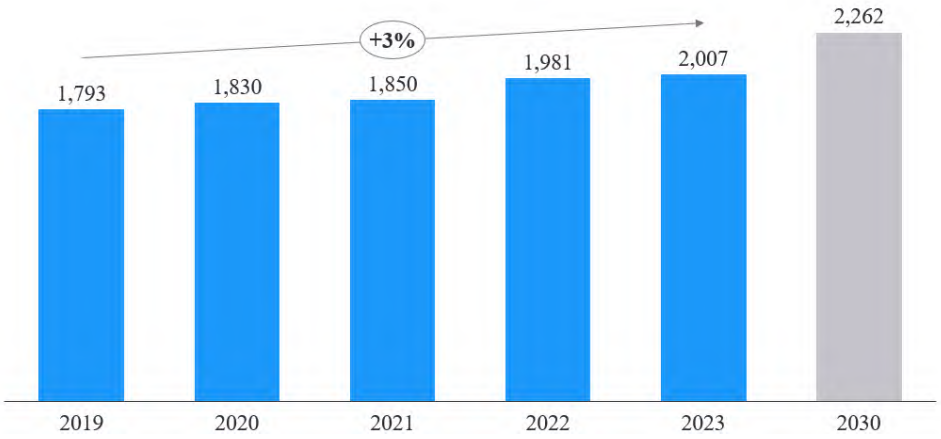
Source: IEA World Energy Outlook 2024

The demand split for 2023 reveals that ~50% of the demand comes from America & Asia Pacific combined. Apart from these Europe, Eurasia & Middle East also contribute significantly to the demand of gas.

Global gas power plant capacity & expected capacity additions

Global gas production capacity in 2023 was 2,007 GW growing at a annualized rate of 3% from 2019. By 2030 based on the STEPS scenario of IEA, the capacity is expected to reach 2,262 GW.

Global gas power generation capacity 2019-30, GW



Source: IEA World Energy Outlook 2024
Note: Estimated capacity of Natural gas for 2030 is basis Stated Policies Scenario of IEA

Key global trends in gas power

1. ***Natural Gas as a bridging fuel***: Natural gas is referred as a transitional or bridging fuel to reduce carbon-di-oxide emissions. Being a fossil fuel, it produces lesser emissions when compared to oil or coal. This has led to the belief that it can be used as a replacement fuel to the other fossil fuels & nations can continue using fossil fuels for long. Regions like Middle East are affirming to move from oil to natural gas as a power source.

2. ***Usage of advanced technologies:*** The utilization of natural gas can contribute to CO_2 emission reduction by substituting more carbon-intensive fuels in power generation and industrial processes. Gas powered power stations offer a method for more cleaner, efficient & flexible way to generate power and can also be combined with renewable fuels such as Hydrogen. Multiple studies have also pointed out to the fact that natural gas like all fossil fuels emits greenhouse gases & can still harm the environment, but it can serve as a transition bridge to move towards other renewable fuels. While the world stands divided on the issue with one group wanting a direct transition to cleaner fuels, other group seeks to use advanced technologies like carbon capture & hydrogen to further mitigate the emissions from natural gas. Apart from this there is usage of advanced gas turbines, that produce more energy using less fuel and have higher efficiency.

3. ***Supply Shock from Russia 2022/23***: Following Russia-Ukraine war the natural gas market went into a supply shock, especially European market, with 120 bcm of supply shortage. This supply shock has had long-term implications such as investment into new LNG infrastructure, investments into new capacity, more flexible commercial arrangements and closer international co-operation.

Overview of India's gas energy industry

India's power needs are ever increasing as more development activities are being undertaken. Within the energy landscape of the country, its gas power capacity is crucial, it includes both natural gas and LNG based power plants. These plants utilize natural gas as a primary fuel, and they have various environment benefits over coal & oil such as lower emissions & higher efficiency. These gas-based power plants fit well in the country with peak load demands & the renewable mix for fulfilling the power demands.

India's gas reserves

India has very small reserves of gas and there has not been any large find in the last few years which can segment local supply of gas.

Gas Reserves in India (2019-22)

Gas Reserves	Gas reserves in India (in billion cubic meters)			
	2019	2020	2021	2022P
	1381	1372	1373	1374

Source: Indian Petroleum & Natural Gas Statistics 2022-23

India's gas production

Gross production for natural gas was 36.44 bcm in Fiscal 2024, an increase from Fiscal 2020 with 31.18 bcm production. Though currently the share of gas-based power plants is low, and the import dependency continues to remain high.

Natural gas production in India (Fiscal 2020 – Fiscal 2024)

Details	Natural gas in India (in million cubic meters)				
Year	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Production	31,184	28,672	34,024	34,450	36,438
Net Production (exc. Flare gas & loss)	30,257	27,784	33,131	33,664	35,717
LNG Import	33,887	33,198	31,028	26,304	31,795
Total Consumption (inc. internal cons.)	64,143	60,982	64,159	59,969	67,512
Total Consumption (in billion cubic meters)	64.1	61	64.2	60.0	67.5
Import Dependency based on consumption	52.8%	54.4%	48.4%	43.9%	45.4%

Source: Indian Petroleum & Natural Gas Statistics dated December 2024

LNG terminals and plans for gas production

LNG is crucial to India's energy mix with the ever-increasing demand of the country & need to reduce carbon emissions. Plan of developing LNG terminals in India along with formulation of plans for gas production has been in the forefront with increased need to diversify energy sources & promotion of sustainability.

India has made considerable progress in establishing LNG terminals along its coastline, facilitating the import and distribution of LNG across the country. Some notable LNG terminals in India include:

LNG infrastructure operational

Location	Promoters	Capacity	Capacity utilization
Dahej	Petronet LNG Ltd	17.5 MMTPA	101.6%
Hazira	Shell Energy India	5.2 MMTPA	40.9%
Dabhol	Konkan LNG Limited	5 MMTPA	39.4%
Kochi	Petronet LNG Ltd	5 MMTPA	22.1%
Ennore	Indian Oil LNG	5 MMTPA	24.4%
Mundra	GSPC LNG Limited	5 MMTPA	24.5%
Dhamra	Adani Total Pvt. Ltd.	5 MMTPA	24.4%
Total capacity		**47.7 MMTPA**	

Source: Indian Petroleum & Natural Gas Statistics dated December 2024
Note: Capacity as on 01.01.2025 & Capacity utilization for Apr-Feb 2023

LNG infrastructure under construction

Project	Owner	Proposed capacity
Charra LNG Terminal	HPCL Shaprooji Energy	5 MMTPA
Crown Kakinada LNG Terminal1	Crown LNG India	7.2 MMTPA
Dabhol LNG Terminal1	Konkan LNG	7 MMTPA
Dabhol LNG Terminal	Konkan LNG	3 MMTPA
Dahej LNG Terminal	Petronet LNG	5 MMTPA
Ennore LNG Terminal	-	5 MMTPA
Gopalpur FSRU1,2	Petronet LNG	4 MMTPA + 5 MMTPA
H-Energy Kakinada	East Coast Concessions	4 MMTPA
Jafrabad FSRU	Multiple3	5 MMTPA1 + 5 MMTPA
Jaigarh LNG Terminal	Western Concessions	6 MMTPA + 8 MMTPA1
Karaikal FSRU1	Atlantic Gulf & Pacific Comp.	1 MMTPA + 3 MMTPA
Total proposed capacity		**73.2 MMTPA**

Source: Global Energy Monitor accessed January 2025
Notes- 1. Proposed
2. In 2 Phases
3. Swan Energy Limited, Farmers Fertilizers Cooperative, Gujarat Maritime Board, Gujarat State Petronet, Mitsui Group

Hydrocarbon vision emphasizes building infrastructure to aid the distribution of natural gas, either via building gas pipeline infrastructure or LNG Terminals. As of Fiscal 2023, India has a total 23,173 km of gas pipelines constructed and around 12,206 km of gas pipeline is under construction.

India's gas power generation capacity

In recent years, India has witnessed a surge in gas power capacity additions with existing gas-based power plants being modernized and new projects being initiated to enhance the country's energy infrastructure. Notable projects include the expansion of existing LNG terminals, the establishment of new regasification facilities, and the introduction of advanced gas turbine technology for improved efficiency.

Current gas-based power plants capacity in MW

Region	Sector	Capacity in MW
All India	State	7,012
	Private	10,568
	Central	7,238
	Sub Total	24,818

Source: CEA Installed Capacity Report
Note: Data as of 31.12.2024

Assessment of Nuclear Energy industry

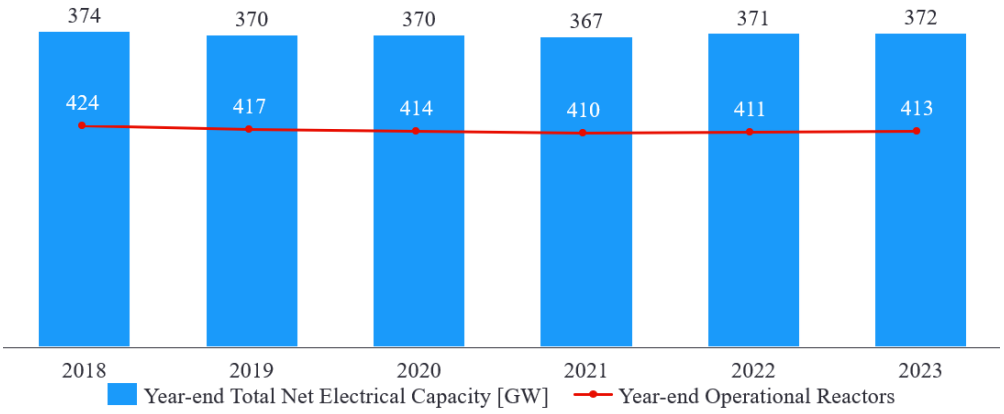
Global nuclear power generation capacity and expected additions

Nuclear power generation capacity

In 2023, the global nuclear power generation capacity was 372 GW. For the last 5-6 years, capacity has stayed nearly flat. This is mostly owing to attributed to the substantial capital investments required for construction and the high costs linked to managing and disposing of hazardous radioactive waste.

The number of reactors has likewise been decreasing, from 424 in 2018 to 413 in 2023, due to increased competition from more cost-effective renewable energy sources. The future of nuclear power with the currently used large reactors is in doubt, despite being a cleaner alternative to fossil fuels.

Nuclear power generation capacity (GW) and Number of nuclear reactors (2018-23)

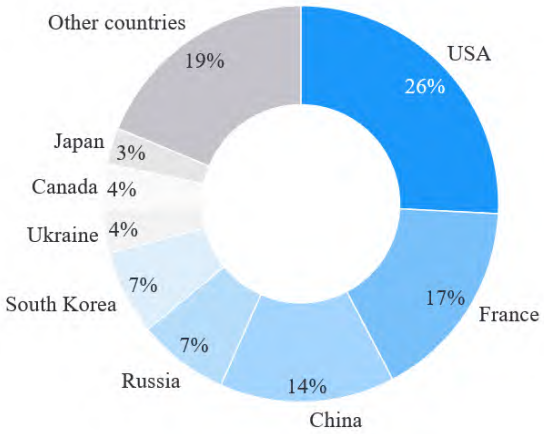


Source – PRIS – IAEA accessed Jan 2025

Global nuclear power generation capacity by country

The United States has the highest installed capacity that amounts to 26% of the global nuclear capacity, followed by France and China at 17% and 14% respectively.

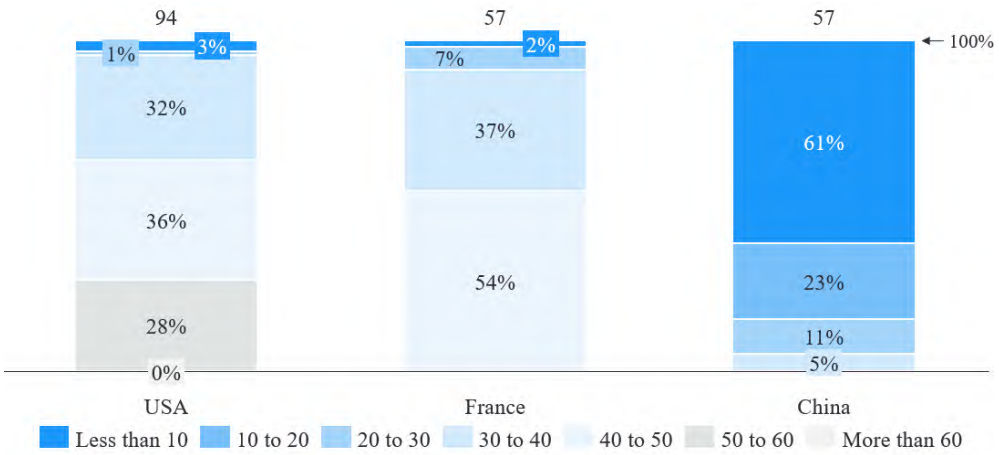
Nuclear power generation capacity by country (%)



Source – IAEA Report, 2024 Edition

Among the top three countries by nuclear power generation capacity, China has the largest number of young power plants that are currently operating. Nearly 3/5 of its total operational reactors were connected to the grid less than 10 years ago. Meanwhile, in both US and France, majority of the operational reactors are nearing end of their useful life.

Age distribution of operable reactors (years)

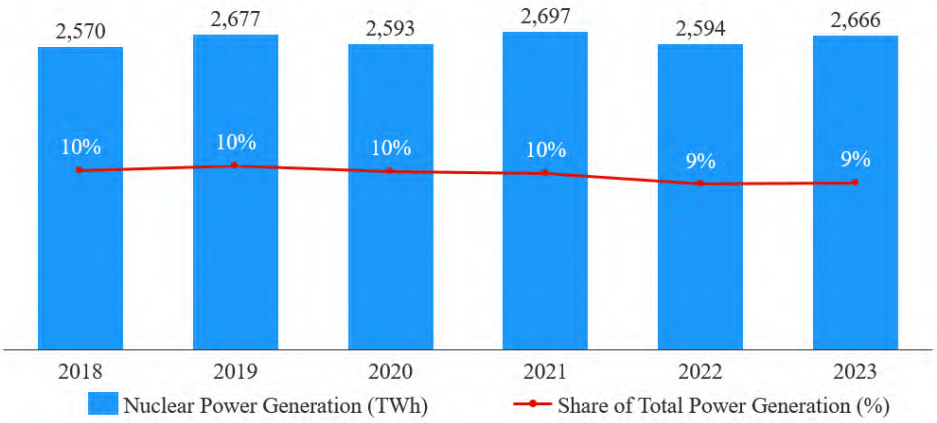


Source – PRIS – IAEA accessed January 2025

Power generation from nuclear plants globally

Despite a steady increase in nuclear power generation over the past decade, its proportion in the global energy mix has experienced a gradual decline. In 2023, nuclear power supplied 2,666 TWh, accounting for 9% of the total power generation. Meanwhile, non-hydroelectric renewable sources, such as solar, wind, and biofuel, have witnessed substantial growth, with their share almost doubling in recent years. (9% in 2018 to 16% in 2023)

Nuclear power generation (TWh) and its share in overall power generation (%) (2018-23)

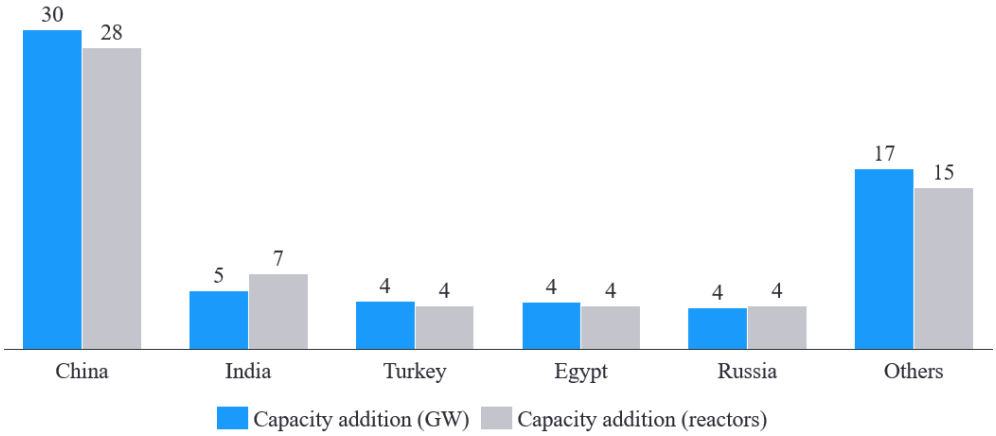


Source – EIA accessed January 2025

Reactors under construction

Across 15 countries, there is an expected total capacity addition of 64 GW, facilitated by the installation of 62 new reactors. Leading the way is China, with an approximate addition of 30 GW, while India and Turkey closely trail behind, targeting new reactor capacities of 5.4 GW and 4.5 GW, respectively.

Capacity addition currently under development by countries (GW)



Source – IAEA accessed January 2025

Approximately 86 nuclear plants are currently in the planning stages across 16 countries, set to provide a total capacity of 83 GW. Notably, China accounts for 47% of this overall addition, planning to increase its capacity by 39 GW. Following closely, Russia and India have 14 and 12 reactors, respectively, in the pipeline.

Capacity planned by countries

Country	No. of reactors	Capacity (MW)
China	36	38,710
Russia	14	8,930
India	12	8,400
Poland	3	3,750
United Kingdom	2	3,340
South Korea	2	2,800
Sweden	2	2,500
Ukraine	2	2,500
Others	13	11,692
World	86	82,622

Source – world-nuclear.org accessed January 2025
Note- Others include – Hungary, Bulgaria, Romania, Iran, Canada, each planning 2 reactors but total capacity <2,500 and Argentina, Czech Republic and Japan, each planning 1 reactor.

Decommissioning of reactors in France

France has a nuclear fleet of 57 reactors with an installed capacity of 63 GW. All its nuclear reactors are managed and operated by Électricité de France (EDF). There are 9 reactors currently being decommissioned in France. EDF with staff of 600 to handle decommissioning takes the full responsibility for the decommissioning phases for these reactors.

Decommissioning occurs in three stages:

- Phase 1: Initial shutdown - The plant is shut down, nuclear fuel is unloaded, circuits are emptied, and non-nuclear installations are dismantled. This phase removes 99.9% of the site's radioactivity
- Phase 2: Partial Decommissioning - Equipment and buildings, except the reactor building, are dismantled, and monitoring systems are introduced.
- Phase 3: Complete shutdown - The reactor building and remaining radioactive materials and equipment are dismantled.

Phases 1 and 2 are completed within 10 years of power generation cessation. Phase 3 requires an additional 10 years. Once dismantling concludes, the site returns to its natural radioactivity level, eliminating the need for further monitoring and enabling reuse of the land.

Meanwhile, most of EDF's fleet in UK has already crossed the original end of generation date and extension was sought for each of them. By 2028, 7 out of eight reactors operated by EDF would be decommissioned after the extension period ends.

India's nuclear power generation capacity and expected additions

Currently, India operates 24 nuclear reactors with a combined capacity of 8.1 GW, translating to roughly 2% of the global capacity.

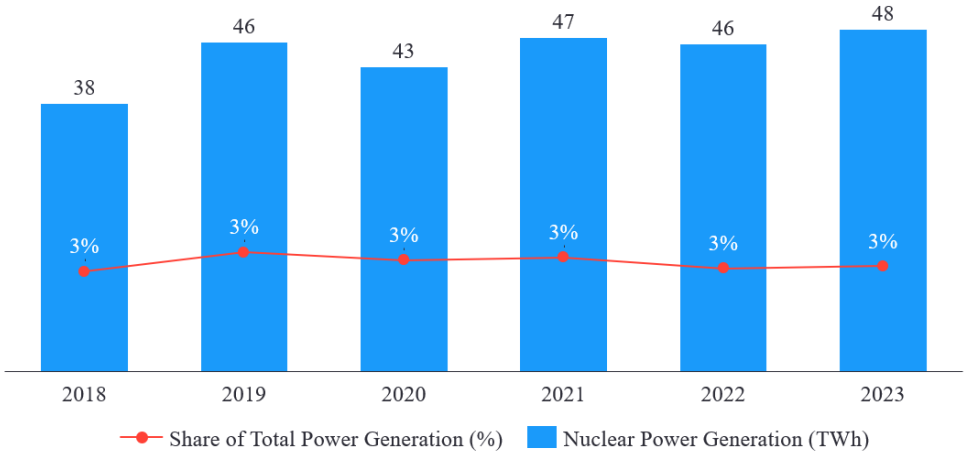
Operational nuclear power plants in India

Plant name	Number of reactors	Gross power (MW)	Type
Kaiga Power Plant, Karnataka	4	220MW x 4	PHWR
Kakrapar Power Plant, Gujarat	4	220MW x 2, 700MW x 2	PHWR
Kudankulam Power Plant, TN	2	1000MW x 2	PWR
Madras Atomic Power Plant, TN	2	220MW x 2	PHWR
Narora Atomic Power Plant, UP	2	220MW x 2	PHWR
Rajasthan Atomic Power Plant, RJ	6	1,180MW	PHWR
Tarapur Atomic Power Plant, MH	4	1,400MW	PHWR & BWR

Source – Nuclear power corporation of India

There has been a YoY increase in the amount of power generated which stood at 48 TWh in 2023. The share of total power generated hasn't changed much which hovers around 2.7%. Dependency on fossil fuel has remained mostly same contributing majority of the overall power generation in the country (~75%). However, energy from non-hydroelectric renewable sources like solar and wind has increased in the last couple of years from 7% in 2018 to 12% in 2023

Nuclear power generation (TWh) and its share in overall power generation (%) (2018-23)



Source- EIA accessed January 2025

Seven reactors with an installed capacity of 5,900 MW are currently under development. Five of these reactors are in Tamil Nadu alone.

Reactors under construction

State	Reactor name	Capacity (MW)	Start of construction
Tamil Nadu	PFBR	500	Oct, 2004
Rajasthan	Rajasthan 7	700	July, 2011
Rajasthan	Rajasthan 8	700	Sept, 2011
Tamil Nadu	Kundakulam 3	1000	June, 2017
Tamil Nadu	Kundakulam 4	1000	Oct, 2017
Tamil Nadu	Kundakulam 5	1000	June, 2021
Tamil Nadu	Kundakulam 6	1000	Dec, 2021
		5,900	

Source- world-nuclear.org accessed January 2025

Reactors planned in India by type

State	Reactor name	Capacity (MW) each	Construction planned
Haryana	Gorakhpur 1 & 2	700	2023
Haryana	Gorakhpur 3 & 4	700	By 2031
Madhya Pradesh	Chutka 1 & 2	700	
Rajasthan	Mahi Banswara 1 &2	700	
Rajasthan	Mahi Banswara 3 & 4	700	
Karnataka	Kaiga 5 & 6	700	
	12	8,400	

Source- world-nuclear.org accessed January 2025

Based on the discussions between US and India in February 2025. as part of US – India 123 Civil Nuclear Agreement, there are potential plans to construct nuclear reactors in India using US designs along with a possibility of technology transfer. It can be a potential advantage to Indian manufacturers.

Nuclear reactor technology and advancements

Nuclear reactor technology can be classified into two main categories: large reactors and small modular reactors (SMRs). Large reactors are currently available for commercial use, while SMRs are largely still in the development phase.

1. Large reactors have evolved over time, with standard designs ranging from approximately 700 MW to 1,800 MW. These reactors have proven technologies and achieve capacity factors exceeding ninety percent with a lifespan of at least 60 years.

2. Small Modular Reactors (SMRs) typically offer a power capacity of up to 300 MW(e) per unit and are designed for shop fabrication and modular transportation. They are intended for markets where large reactors may be unsuitable. SMRs span various reactor technologies, including water-cooled, gas-cooled, liquid metal-cooled, and molten salt designs More than 80 SMR designs are currently under development, each at various stages of technology readiness.

SMRs have received widespread attention due to their flexibility in power generation, the ability to replace aging fossil fuel plants, and their scalability, which facilitates phased deployment and reduces financial barriers. Their modular design enables faster installation and cost efficiencies through serial production. Because of their intrinsic and passive safety features, their improved safety performance is a significant advantage.

Their adaptability also supports the development of hybrid energy systems, integrating nuclear power with renewable sources. This capability enhances energy resilience and promotes sustainable, low-carbon energy solutions.

Despite advancements, certain technical challenges remain in SMR deployment. These include optimizing control room staffing and human factors engineering for multi-module plants, ensuring the applicability of existing codes and standards, refining manufacturing methods for innovative components, and addressing fuel supply and end-of-life fuel cycle management

SMR development by countries

Reactor type	France	China	Japan	S Korea	Russia	UK	USA	Other	Total
Land-based water-cooled SMRs	2	2	1	2	1	1	5	3	17
Marine based water cooled SMRs		1		1	4				6
High temperature gas cooled SMRs		2	2		3		3	3	13

Reactor type	France	China	Japan	S Korea	Russia	UK	USA	Other	Total
Liquid metal-cooled fast neutron spectrum SMRs	4		1		2		1	3	11
Molten Salt Reactor SMRs	3		1			2	3	6	15
Microreactors	1		1		3		6	2	13
Total	**10**	**5**	**6**	**3**	**13**	**3**	**18**	**17**	**75**

Source - Advances in Small Modular Reactor Technology Developments, 2024 – IAEA

Interest in SMR has grown widely with several developed nations working on developing new designs related to SMR technology. US leads with 18 projects, followed by Russia and France with 13 and 10 initiatives, respectively. In Oct'24, the U.S. Department of Energy (DOE) announced a significant funding initiative, committing $900 million to support the deployment of Generation III+ Small Modular Reactors (SMRs). This funding is designed to accelerate domestic SMR deployment and is part of the DOE's broader strategy to promote clean energy technologies.

In 2024, 2 SMR NPPs are in operational in addition to two high temperature test reactors. -

China - In December 2023, the HTR-PM demonstration project at Shidaowan began commercial operations. It produces 200 MW(e) of power using two reactors connected to a shared power turbine.

Russia - The Akademik Lomonosov floating nuclear power plant has been operational since May 2020, providing heat and electricity to Pevek in the Chukotka region. It houses two KLT-40S reactors, each with a capacity of 35 MW(e), and underwent its first refueling in 2023

SMR development in India

India is actively pursuing the development of Small Modular Reactors (SMRs) and plans to deploy 40-50 small modular nuclear reactors (SMRs) to replace captive thermal power plants as part of its net-zero emissions goal by 2070.

The Union Budget also announced government-private sector partnerships to establish Bharat Small Reactors and advance nuclear R&D. NPCIL will operate 220 MW small nuclear plants funded and built on land provided by private players. These reactors, known as 'Bharat Small Reactors,' will use Pressurized Heavy Water Reactor (PHWR) technology The plan is to produce these SMRs within 7-8 years, emphasizing the need for scalability, safety, and efficiency.

Additionally, India has initiated various international collaborations with USA, France and Russia to advance its Small Modular Reactor (SMR) program

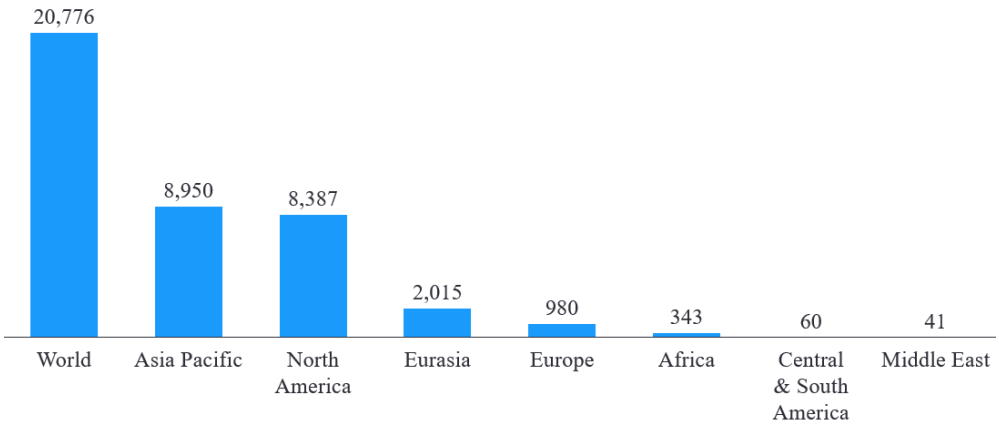
Assessment of Coal Energy industry

Overview of global coal energy industry

Global coal reserves

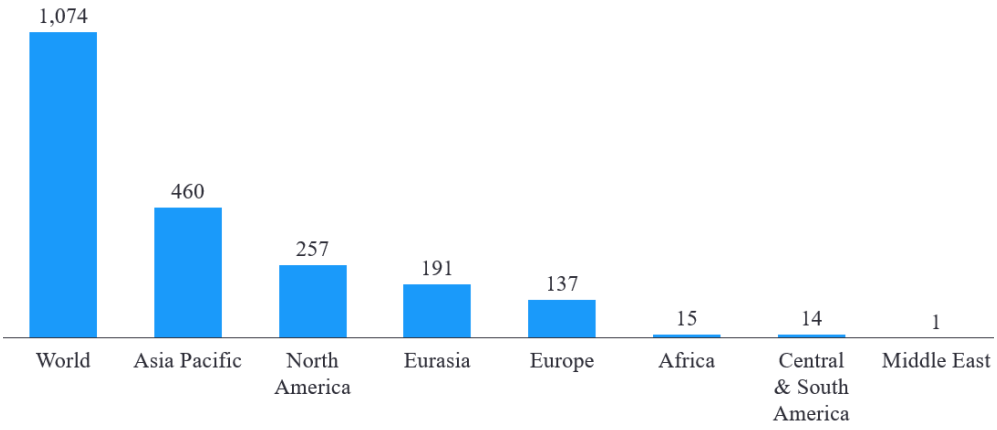
According to International Energy Agency (IEA), there is an estimated total coal reserves of 20,776 billion tons globally with proven resources of 1,074 billion tons. Asia Pacific, North America, and Eurasia region account for more than 80% of the proved coal resources globally.

Global total coal reserves (2023), Bn tons



Source: IEA World energy outlook 2024, dated October 2024
Note: Eurasia region includes Russia, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan

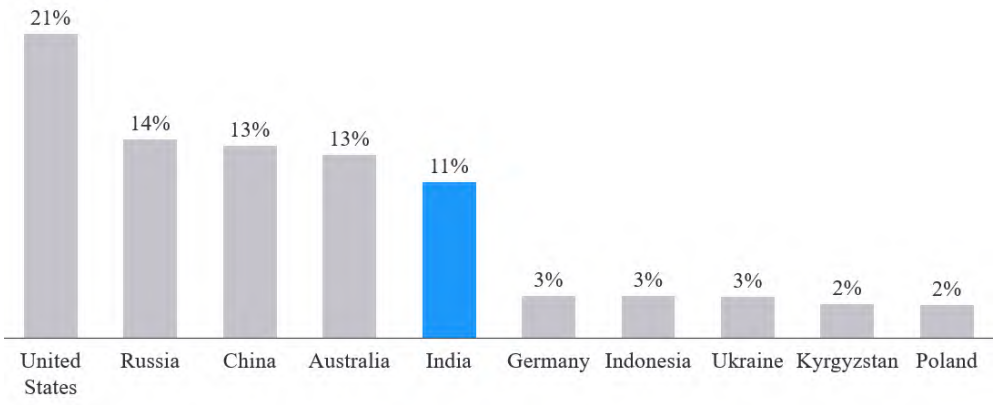
Global proven coal reserves (2023), Bn tons



Source: IEA World energy outlook 2024, dated October 2024
Note: Eurasia region includes Russia, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Five countries namely United States, Russia, Australia, China, and India collectively hold roughly 75% of the total coal reserves in 2023. The United States leads with 22% of the world's reserve.

Coal reserves by country (2023), %



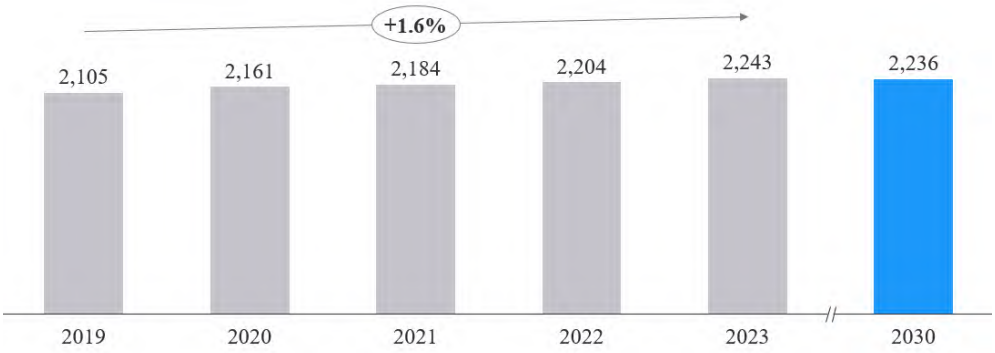
Source: US Energy Information Administration (EIA) accessed January 2025

Global coal power generation capacity and expected additions

Global coal power generation capacity

The global coal-fired power capacity stands at 2,243 GW in 2023 and this capacity has grown by 1.6% from 2,105 GW in 2019. As per the STEPS scenario of IEA, the capacity for coal-fired power plants is expected to have a small decline and reach 2,236 GW by 2030. This shift in capacity will be majorly driven by gradual phasing out of coal power plants influenced by emerging regulation in Europe and New Energy Policy Direction in some Asian countries.

Global coal-fired power capacity 2019-30, GW

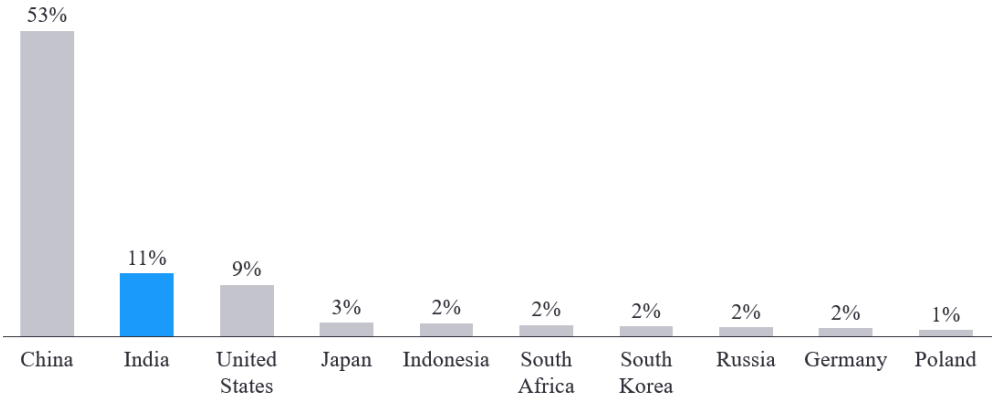


Source: IEA World Energy Outlook 2024, IEA World Energy Outlook 2023, IEA World Energy Outlook 2022, IEA World Energy Outlook 2021
Note: Estimated capacity for 2030 is basis Stated Policies Scenario of IEA

Global coal power generation capacity by country

Top three countries namely, China, India, and United States account for approximately 75% of the coal power generation capacity globally.

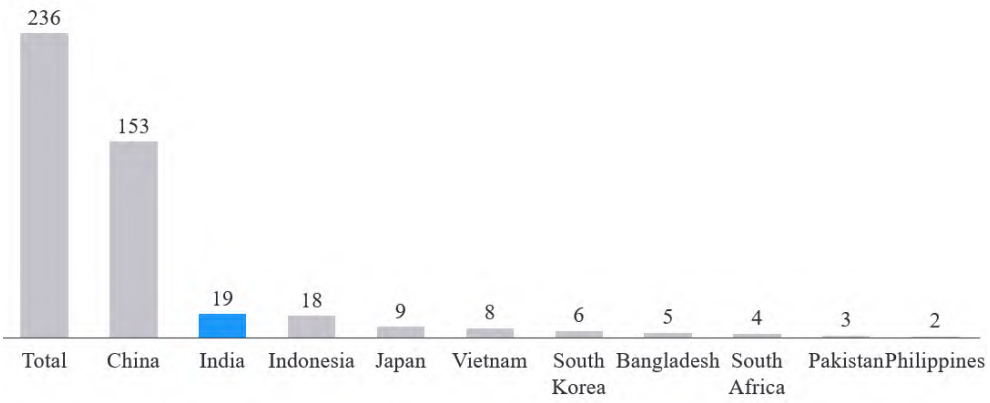
Global coal-fired power capacity by country, %



Source: Global energy monitor, dated July 2024
Note: Share of country includes both operating and mothballed capacity

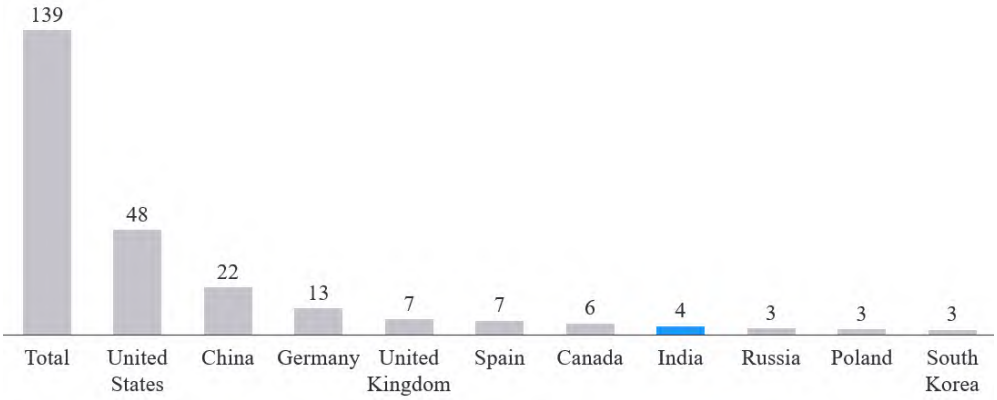
Looking at the capacity additions for coal-fired power generation, China and India contribute to roughly 75% of the capacity additions between 2020-H1'24. For the retired coal-fired power generation capacity, top ten countries (including United States, China, United Kingdom, Germany etc.) account for more than 85% between 2020-H1'24.

Global additions in coal-fired power capacity for top ten countries, GW (2020-H1'2421)



Source: Global Energy Monitor, dated July 2024

Global retired coal-fired power capacity for top ten countries, GW (2020-H1'24)

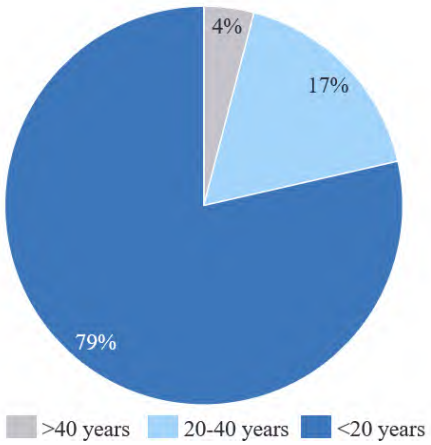


Source: Global Energy Monitor, dated July 2024

Age of coal power generation capacity in India

Similar to China, over 75% of the coal power generation capacity in India is within 20 years age group with roughly 17% of the capacity between 20 to 40 years age group.

Coal power generation capacity in India, by age (as of July 2024)

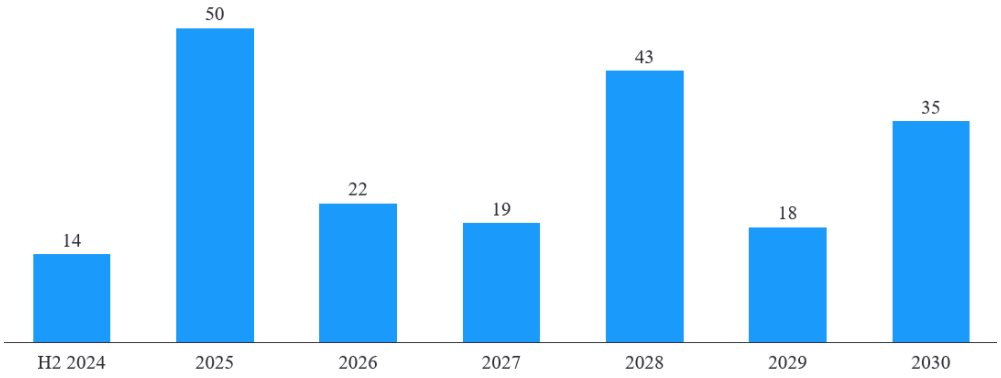


Source: Global energy monitor, dated July 2024

Expected additions in coal power generation capacity

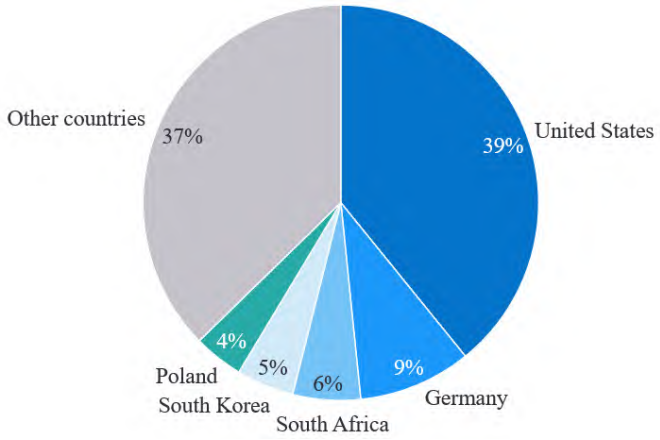
Total retirement for coal power generation capacity between H12024 – 2030 are projected to be 202 GW globally, with United States, Germany, and South Africa accounting for more than 50% of the planned retirements for coal power generation capacity between H12024 – 2030.

Retirements for coal power generation capacity, H2'2024 – 2030 (GW)



Source: Global energy monitor, dated July 2024

Country-wise total retirements for coal power generation capacity, H2'2024 – 2030 (%)



Source: Global energy monitor, dated July 2024

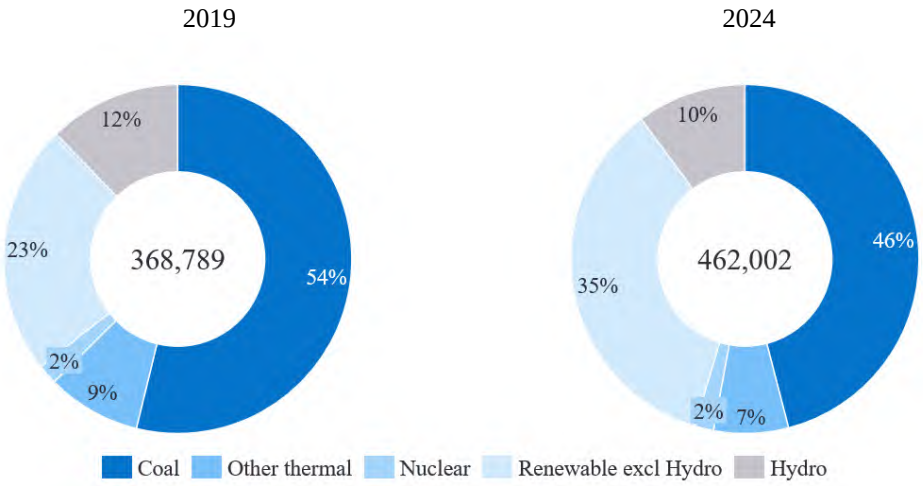
Based on the planned retirements for coal power generation capacity and overall projected capacity, there is an expected capacity addition in coal power general by roughly 207 GW between 2024 – 2030.

India's coal power generation capacity and expected additions

Coal-based power generation capacity

India's power generation remains significantly reliant on coal-based thermal power plants, which account for about 46% of total installed power capacity (MW) in India. However, , the share of coal in power generation has sharply fallen, compared to half a decade back when in 2019, it accounted for 54% of total installed capacity to 46% in 2024. Over the years, India has actively increased its investment in renewable energy sources, such as wind and solar, reducing its dependence on coal. This transition is reflected in the rise of renewable energy's share in the power mix from 23% in 2019 to 35% in 2024.

Share of coal-based power plants in total installed capacity (MW) (2019-2024)



Source: CEA, MOSPI Energy statistics India - 2024

Expected capacity addition

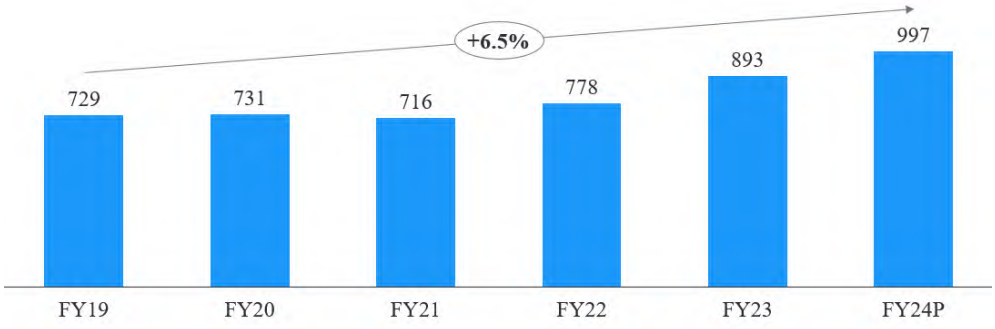
According to the National Electricity Plan by Central Electricity Authority (CEA) dated May 2023, India is expected to add thermal capacity of 25,580 MW between Fiscal 2022 – Fiscal 2027 (~12% of current installed capacity), and it will be based on coal and lignite. Coal-based capacity of 2,121.5 MW is also considered for retirement due to aging and shortfall from regulatory requirements by 2032. By Fiscal 2027, the country expects that coal-based power plants will constitute ~38% of total installed capacity.

Overview of India's coal energy industry

Coal production

According to the Ministry of Coal, coal production in India was 997 MT in Fiscal 2024 which increased from 729 MT in Fiscal 2019 at a growth rate of 6.5% during this time period. Out of this production in Fiscal 2024, 78% of the production was done by Coal India Limited, 7% by SCCL and remaining was captive and others.

Production of coal in India (million tonnes), FY19-24



Source: Ministry of coal accessed January 2025

Future outlook for coal-based power plants

While the share of coal-based power generation has been steadily decreasing, coal will remain a critical part of country's power mix for the foreseeable future. This is due to variety of factors such as well-established coal supply infrastructure, existence of current coal generation capacity and capabilities which drive the output of Indian economy and the challenges associated with alternative sources of power supply. The National Electricity Plan estimates that Coal + lignite-based power units would account for about 38% of installed capacity and a significant 59% of gross power generated in Fiscal 2027.

Constraints with other sources of power

Alternative power sources, particularly renewables, encounter challenges of intermittency due to temporal variability and output uncertainty. Solar and wind generation systems have high variability in output which makes them unsuitable to match varying demand patterns and reducing their reliability. Additionally, their dependence on weather conditions introduces scheduling difficulties, as actual real-time generation often deviates from predicted output, complicating grid management.

The uncertainty and variability also create issues with respect to integration with mainstream grids as the shortfall due to these systems need to be met by increased generation from other sources such as thermal power plants. A large share of renewable energy sources would mean extensive operational and financial planning with respect to meeting variable demands.

There is also a demand-supply mismatch between the sources of renewable power generation units and the centers for power demand. Unlike thermal power plants, solar and wind generation units can only be set-up at specific locations with conducive geographical characteristics and it may not be feasible to set them up across the country. The potential for wind power generation is higher in the coastal states of India in the west and south and potential for solar power generation is concentrated in the western region. The power generated in these regions would require additional infrastructure investments for transmission and storage to rest of the country, hence increasing the cost of power.

Even in countries with other primary sources of power, thermal power stations still exist, to provide support during cyclical and ramping needs. Ministry of Power, along with CEA has been studying the feasibility of flexibilization of existing coal-fired power plants to achieve 40% technical minimal load which will continue to exist and support the renewable energy infrastructure and India's commitment towards green energy.

Assessment of Energy turbine market

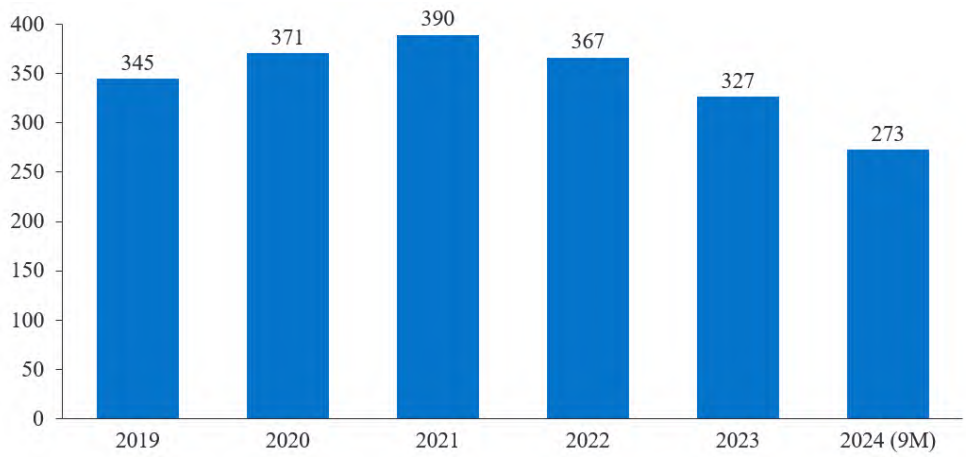
This report talks about the market for 2 types of energy turbines. These include turbines used for power generation and turbines used in industries for applications other than power generation.

Global power turbines market overview

A turbine is a mechanical device that converts kinetic energy into rotational energy by using steam, water, gas, etc.

Gas power turbines orders overview

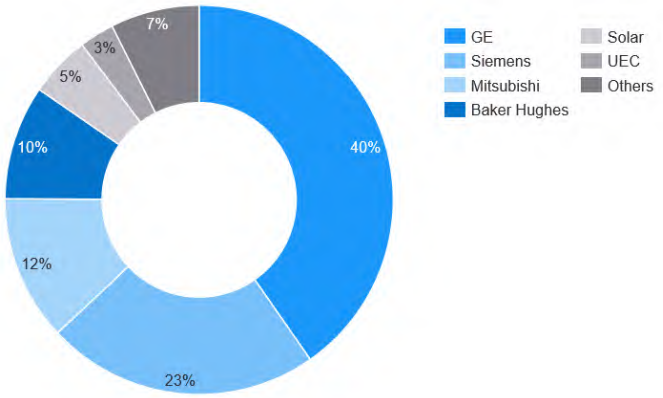
Gas power turbines ordered (2019-2024 9M)



Source: McCoy Data
Note: Based on Technology Owner, Award Date and Unit Capacity >= 10 Mwe

As per McCoy, during the 9M'24 period, the orders for gas turbines (GTs) were 273 units. The total number of orders in 2023 for gas turbines (across simple cycle & combined cycle) were 327 units. As per McCoy, total number of orders for gas turbines (across simple cycle and combined cycle) were 367 units in 2022. The gas turbine manufacturing market is highly concentrated with top 3 players contributing to ~75% of the market (based on orders in 9M 2024). Based on the market share as of orders in 20249M, GE Power & Siemens Energy are two players with almost two-third of the market share.

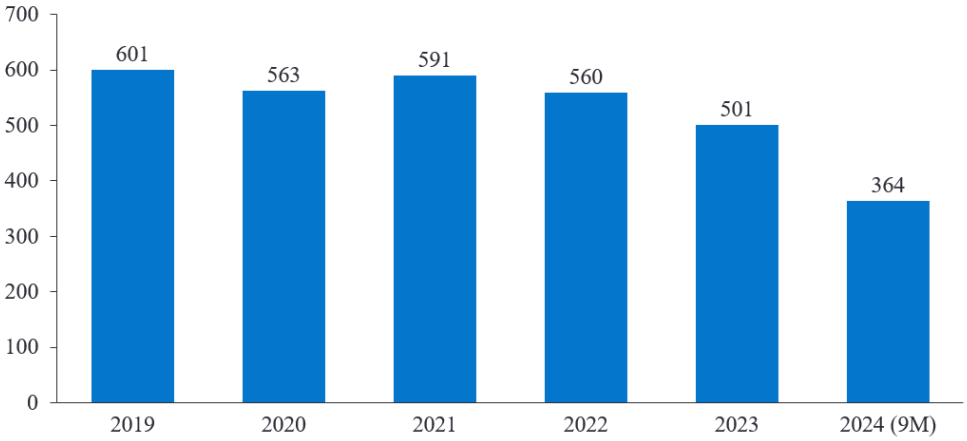
Market share for gas power turbines manufacturers based on orders in 2024 (9M)



Source: McCoy Reports
Note: Based on Technology Owner, Award Date and Unit Capacity >= 10 MWe

Steam power turbines market overview

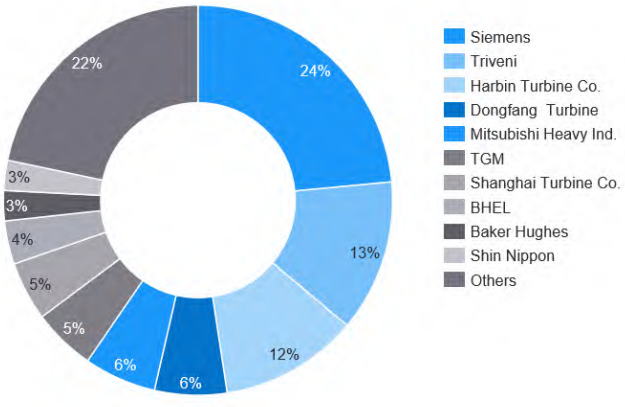
Steam power turbines ordered (2019-2024 9M)



Source: McCoy Data
Note: Based on Technology Owner, Award Date

As per McCoy, during the 9M'24 period, the orders for steam turbines (STs) were 364 units. Additionally, there were 501 units ordered in 2023. As per McCoy reports, total number of orders for steam turbines (across simple cycle and combined cycle) were 560 units in 2022. Steam turbines include multiple fuel types such as fossil, biomass, nuclear, etc. The steam turbine manufacturing market is concentrated with top 5 players contributing ~60% of the market (based on orders in 2024 9M). Based on the market share as of orders in 9M 2024, Siemens Energy & Triveni Turbines Ltd. are two players with 38% of the market share.

Market share for steam power turbine manufacturers based on orders in 2024 9M

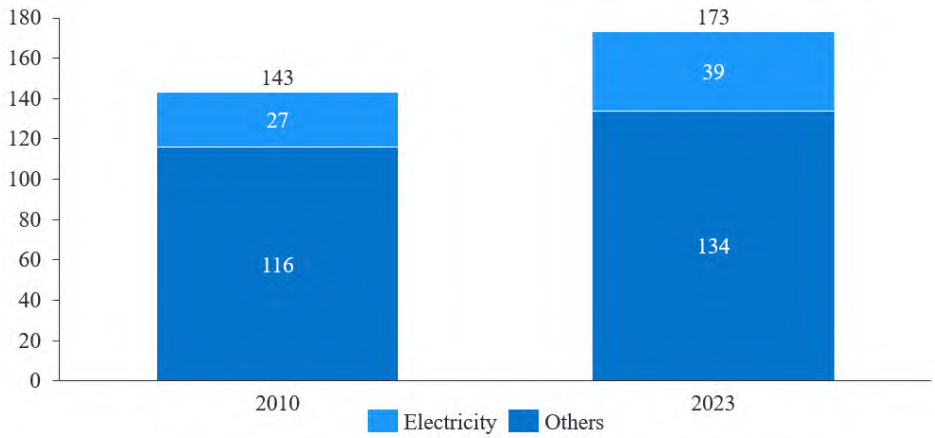


Source: McCoy Reports
Note: : Based on Technology Owner, Award Date and Unit Capacity >=5MWe

Industrial turbines market and outlook

Global industrial energy consumption has increased from 143 GW in 2010 to 173 EJ in 2023. Out of this, more than three-fourths of the market is consumed for non-power end use applications. By 2030, industrial energy consumption is expected to reach within the range of 178 EJ (NZE scenario of IEA) to 185 EJ (APS scenario of IEA) to 193 EJ (STEPS scenario of IEA).

Global industrial energy consumption (EJ), (2010-23)



Source: IEA World energy outlook

Industrial turbines are used in various industries such as oil & gas, chemicals, marine applications, cement, mining etc. Oil & gas is of the key industries with high demand for industrial turbines. There are various applications of industrial turbines in the Oil & Gas industry with pipeline compression being one of its prime use cases. Gas turbines help to compress the natural gas and to power the refrigeration system to cool the compressed gas so that it can be transported through pipelines to distribution centers.

Key turbine manufacturers

GE Power, Siemens Energy AG & Mitsubishi Power Ltd. have the largest number of orders (75% share as per orders in 9M 2024) for gas turbines, whereas Siemens Energy & Triveni Turbines Ltd have the largest number of orders (38% share as per orders in 9M 2024) for steam turbines.

Azad Engineering Ltd. supplies components to 5 of the manufacturers of turbines mentioned below (General Electric, Siemens Energy AG, Mitsubishi Power Ltd., Ansaldo Energia S.P.A., Bharat Heavy Electricals Limited (BHEL), Triveni Turbines Ltd, Harbin Turbine Co. Ltd., Dongfang Electric Corporation, Shanghai Electric Power Generation Group, Baker Hughes, Solar Turbines).

Details of key turbine manufacturers

Players	Description	Energy related products	End-use Segments
General Electric	US based conglomerate that is present in diverse industries.	• Gas Turbine • Steam Turbine • Generators • Boilers	• Power generation • Renewable energy • Healthcare • Oil and gas • Industrial solutions
Siemens Energy AG	Germany based MNC that provides solutions and services across different industries.	• Energy Automation & Smart Grid • Turbine • Other power gen. equipment	• Power generation • Industry & manufacturing • Infrastructure & buildings • Healthcare • Digitalization and software solutions
Mitsubishi Power Ltd.	Japan based company with expertise in power generation, industrial equipment & infra solutions.	• Gas Turbine • Steam Turbine • Generators • Power plant solution • Boilers	• Thermal power plants • Renewable Energy • Integrated Energy solution • Environmental solutions

Players	Description	Energy related products	End-use Segments
Ansaldo Energia S.P.A.	Italy based company recognized for its expertise in power generation equipment.	• Gas Turbine • Steam Turbine • Generators • Power Plant solution	• Thermal power generation • Industrial power generation • Renewable energy
Bharat Heavy Electricals Limited (BHEL)	Indian PSU that manufacturers power generation equipment.	• Gas Turbine • Steam Turbine • Generators • Boilers	• Aerospace • Defence • Electrical Equipment • Locomotive
Triveni Turbines Ltd.	India based Steam Turbine manufacturer	• Steam Turbine	• Textiles • Oil & Gas • Chemical • Power Generation
Harbin Turbine Co. Ltd.	China based enterprise that manufactures all types of turbines	• Gas Turbine • Steam Turbine • Nuclear Turbine • Fossil Turbine	• Power generation • Transmission, distribution • Nuclear • Oil and Gas
Dongfang Electric Corporation	China state-owned company that builds steam turbines	• Steam Turbine	• Power generation • Transmission, distribution • Oil and Gas
Shanghai Electric Power Generation Group	China based MNC that deals in power generation & electrical equipment	• Steam Turbine • Wind Turbines	• Power generation • Transmission, distribution • Electrical
Baker Hughes	US based company with diverse offerings across energy & industrial value chain	• Gas Turbine • Steam Turbine	• Oil and Gas • Industrial applications
Solar Turbines	US based company which supplies energy solutions for power generation & other applications	• Gas turbines	• Energy • Industrial • Renewable • Marine

Source: Company websites
Note: Product list & end-use segment list is non-exhaustive

Azad Engineering Limited has approvals from EDF and as of November 2024, signed a contract with Arabelle Solutions (a part of EDF) to supply highly engineered rotating and stationary components, in addition to its contract with General Electric (GE) Steam Power, signed in February 2023.

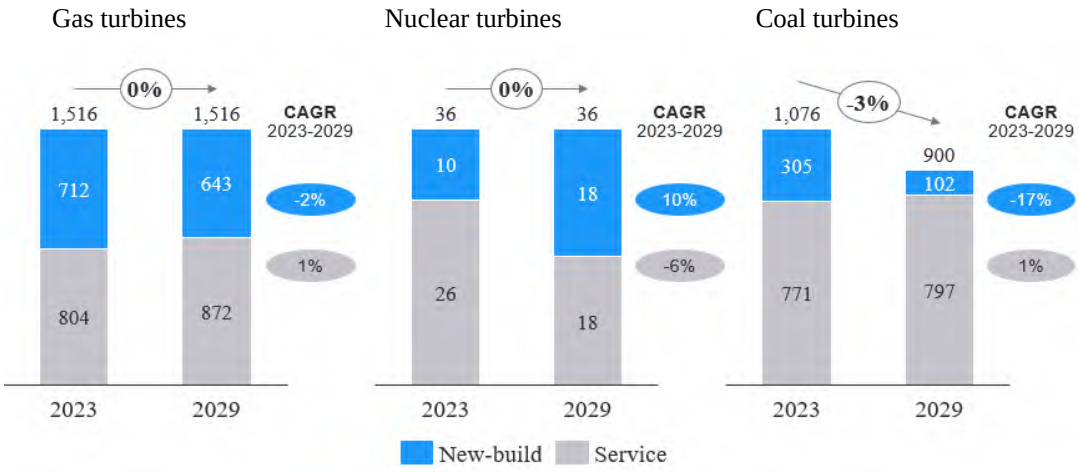
Outlook for new and serviceable turbines in power generation industry

According to Siemens Energy, gas services are an important part of the low emission society & despite problems over supply from Europe, it is still considered as a better alternative vs the other fossil fuels.

At COP27 the agreement on "low emission energy" was not defined in a formal manner that leaves a chance for natural gas production. Moreover, the technologically advanced gas turbines can burn hydrogen as well so the life of these will continue even in the new energy economy.

The market for turbines is driven by demand from turbines to be used in new power plants and serviceable turbines.

Outlook for new and serviceable turbines (number of turbines) (2023 – 29)



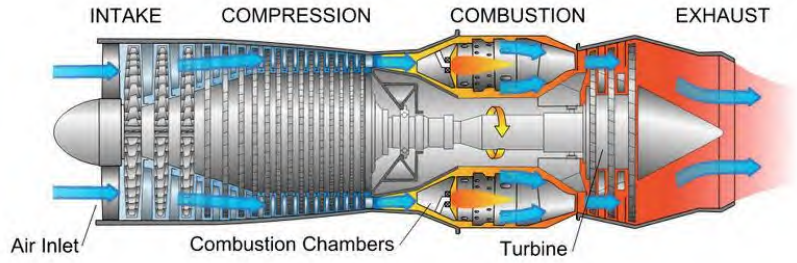
Source: IEA, Global energy monitor July 2024, World Nuclear Association

Key components of a turbine and its maintenance cycle

Key components of gas turbine

A gas turbine is an internal combustion engine used in power plants. It converts natural gas or other liquid fuels into mechanical energy, which in turn drives a generator to produce electrical energy transmitted through power lines. Major components of a gas turbine include:

Pictorial representation of a gas turbine



Source: Energy education website

1. ***Air Inlet***: It is an important component that makes huge amount of air to enter the turbine maintaining the pressure or flow, the filters used remove contaminants from the air. The air inlet is designed to ensure a steady air flow & maximize air compression.

2. ***Compressor***: Airfoils in this section perform the function to pull in large air volume, compresses the air to required pressure & pushes it to the combustion chamber at high speed. Usually axial-flow compressors are used due to their ability to maintain continuous air flow. These compressors consist of rotor blades/airfoils, drums and stator blades/airfoils which work in creating an 'adverse' pressure gradient to push gas to high static pressure from low across the compressor. Component critically is of high importance to prevent flow reversal and avoid 'stalling' of blades/airfoils which increases power required and decreases component life.

3. ***Combustion chamber***: Here the fuel is injected, post that ignition of fuel-air mixture is done using spark plugs located in the chamber. The job of flame stabilizers is to ensure that the flame stays in the combustion zone & is stopped from moving back in the compressor section.

4. ***Power turbine:*** The most vital component that converts the energy from high temperature & high-pressure gas into mechanical energy, which generates electricity. The gas flowing through the turbine expands and exerts a force on the blades and makes them move. The moving blades draw more pressure in the combustion section & spin the generator to produce electricity. Cooling systems are mounted to maintain the temperature of the turbine.

5. ***Blades/Airfoils***: A turbine blade can be divided into 4 parts: airfoil, platform, shank & dovetail. They contain rows of hollow airfoils for cooling purposes. The compressor and turbine sections of a gas turbine use two types of blades:

- ***Rotor blades/airfoils***: These blades are responsible to accelerate & compress the incoming air in the compressor & extract energy from gas flow in the turbine. They are shaped in aerodynamic manner to hold high centrifugal forces & run at high speeds.

- ***Stator blades/airfoils (Guide vanes)***: They are used to compress the air near the rotor blades, optimize the angle of attack & reroute the airflow. These blades are important to the performance & efficiency of the turbine.

Other than combustion chamber and blades/airfoils, there are small parts in a turbine that require machining to have a precise finish.

Key components of steam turbine

Major components of a steam turbine include:

1. ***Casing***: It is the outer covering of turbine that is placed in a horizontal way, it prevents spillage of fluids from within the turbine. Its horizontal placement helps in easily accessing it for repairing.

2. ***Rotor***: It is the component of steam engine that moves and aids in converting the steam into energy. The rotor is made up of multiple cylinders that are together to form the movable rotating part of the turbine. Types of rotors: rigid, flexible & drum.

3. ***Blades/Airfoils***: These are very important part of a turbine; these convert the incoming steam into mechanical energy. Blades/Airfoils are of two types: movable & fixed, in some turbines these come together.

4. ***Diaphragms***: It is a stationary component of a steam turbine. The major use of a diaphragm is to improve turbine efficiency by regulating the steam flow to the blades.

5. ***Bearings***: These are very small components that are part of a turbine, they are used to reduce friction. They control friction between parts like rotors & shafts. Two types of bearings are used: Roller & Ball.

6. ***Governor System***: Governor is a control system that is deployed in the turbine to adjust its rotational speed with the use of variation in the water flow through the turbine.

7. ***Support System:*** It is made up of a lot of components to aid the performance of a steam turbine and help other components, it usually controls the stability of a turbine.

Turbine components have usage in various applications such as power plants for power generation, industrial applications, renewable energy generation, combine heat and power plants and waste to energy applications.

Turbine repair cycle

For maintaining the efficiency & the life of a turbine, timely repairs are an essential part. Today the market for the spare parts of turbines is dominated by few players given that the high temperatures & precision needs for turbine components.

Generally, all new turbine sales have a Long-Term Service Agreement (LTSA) that reduces the maintenance cost for the owner. Customers without service agreements either opt for transactional relationships with the OEM or seek services from independent providers, including those affiliated with gas turbine competitors. Gas turbines require repair every three to eight years and a major overhaul or rebuild every 10 to 16 years, with a typical lifespan exceeding 30 years. Steam turbines on the other hand require less maintenance than the gas turbines & have a longer operational life.

AEROSPACE AND DEFENCE INDUSTRY

Presence of Azad Engineering Ltd in the Aerospace & Defence industry

Azad Engineering Ltd. supplies components to the aviation sector such as engine airfoils and other precision, forged and machined components. Azad Engineering Ltd.'s aerospace and defence products are largely utilized in commercial and defence aircraft, spacecraft, and other defence systems to provide propulsion, actuation, hydraulics, and flight control. These components are utilized in both new builds and by MRO service providers.

As engine products are life critical, these components are engineered to work under harsh situations and have a “zero parts per million” defects requirement. The company has supplied critical components for various aircraft platforms such as B737, B737 Max, B747, B777, B777X, A320, A350, A355, A350 XWB, Gulfstream G550. The company has existing relationships with both Indian and global OEMs.

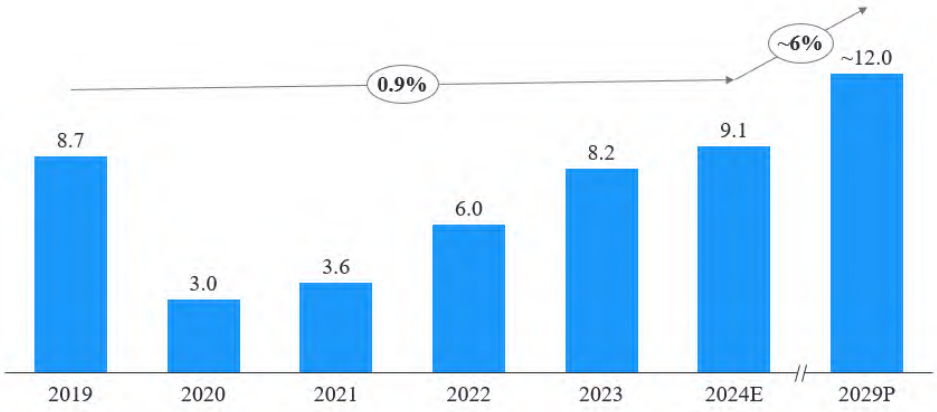
This section of the research examines the commercial and defensive aviation segments, as well as MRO, to provide an overview of the demand outlook and components used in the aerospace and defence sectors.

Assessment of Aerospace industry

Outlook for global passenger and cargo traffic growth

The commercial aircraft industry, which was facing significant headwinds due to the pandemic, continued to recover in 2023 and 2024. The outlook for global air traffic is positive with Revenue Passenger Kilometer (RPK) expected to increase to ~12 Tn by 2029, growing at a CAGR of ~6%.

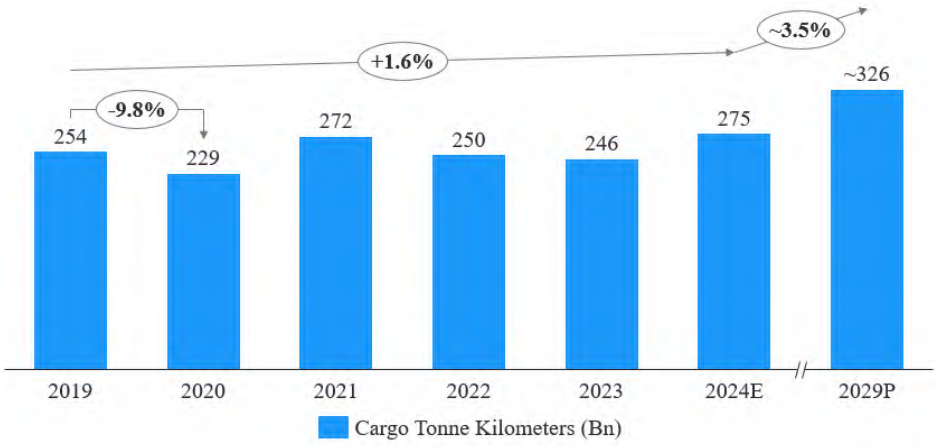
Global Revenue Passenger Kilometer (Tn) (2019-2029)



Source – IATA – December 2024, JADC

Global air freight traffic has not changed much over the last few years. There was a drop of ~10% in 2020 due to COVID-19 pandemic, but there was a quick rebound in the next year.

Global air freight traffic (Bn-ton) (2019-2029)

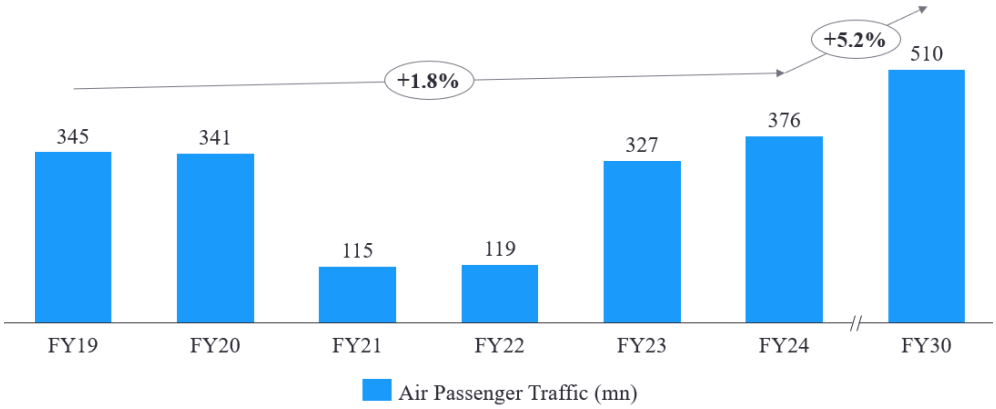


Source – IATA – December 2024, JADC.

India passenger traffic trends and outlook

Before the COVID-19 pandemic, the Indian air traffic experienced substantial growth, with a CAGR of approximately 11.3% during the period Fiscal 2016 – Fiscal 2020. The market dipped during the pandemic, however there was quick recovery post the pandemic, with the passengers handled across all Indian airports in Fiscal 2023 reaching approximately 96% of the pre-pandemic levels. It is projected that the domestic air traffic will continue to increase, and by Fiscal 2030, it is estimated to reach 350 million passengers. Similarly, the international passenger numbers are also expected to rise significantly, reaching 160 million by Fiscal 2030.

Indian air traffic (millions) (FY19-FY30)

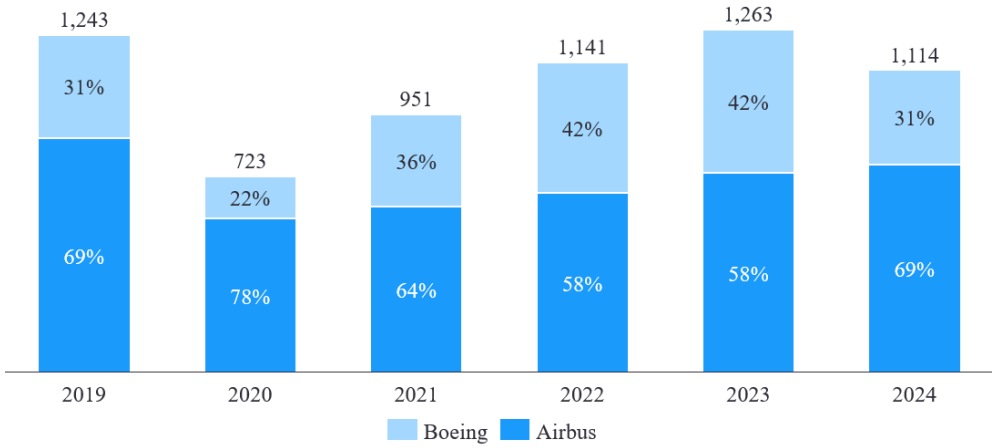


Source – IBEF dated Nov 2024, Economic Times – "India is flying high again: Domestic numbers touching pre-pandemic levels" dated May 2023

Global passenger aircraft order book

The commercial aircraft market is dominated by The Boeing Company and Airbus SE, which together had more than 90% of the global commercial aircraft market. A few other players like Pratt & Whitney, ATR, Bombardier, and Embraer also manufacture aircrafts, but they have a much smaller share. Newer players like China's COMAC (Commercial Aircraft Corporation of China) and Russia's Irkut Corporation have also emerged but are yet to make a mark.

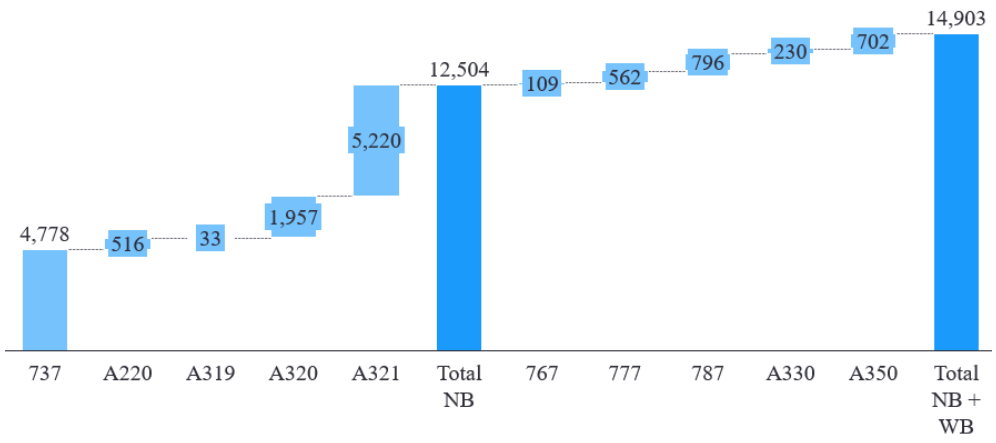
Split of commercial aircraft deliveries between Airbus SE & The Boeing Company (2019-2024)



Source – Airbus SE and The Boeing Company websites accessed January 2025

Airbus SE and The Boeing Company have an order backlog of ~15,000 units. Nearly 84% of these backlog orders were for narrow body aircrafts like Airbus A220, A320, A321 and Boeing 737.

Airbus SE and The Boeing Company order book as of December 2024

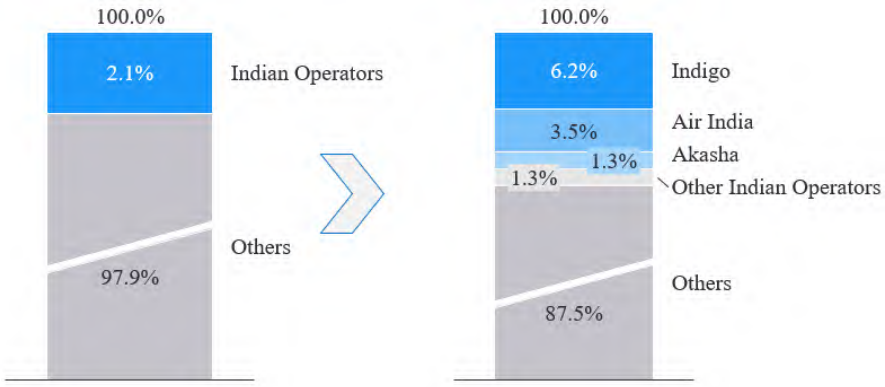


Source – Airbus SE and The Boeing websites accessed January 2025

India's share of the order book and expected trend

Global in-service passenger aircraft fleet size in 2024 is around 28,400 across narrow, wide, regional jet and turbo-prop segments. Of this narrow and wide body aircrafts account for about 23,000. India's share in these two segments stands at ~2.2%, with a fleet size of 517 (out of total 610 aircrafts). However, if the backlog orders are considered, Indian airline operators have around 1,860 planes on order with Airbus SE and The Boeing Company which translates to a share of ~13% of the global orderbook.

India's share of overall fleet currently in service India's share of overall order backlog



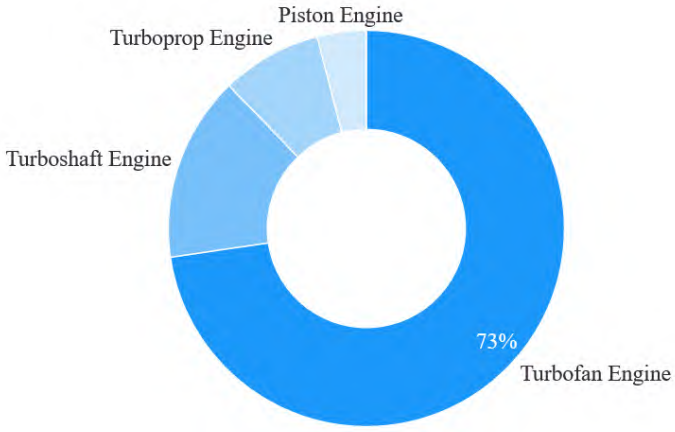
Source: Oliver Wyman's Global Fleet and MRO Market Forecast 2024-2034, Boeing and Airbus orders and deliveries statistics accessed January 2025

Different types of engines used in commercial aircrafts

The Turbofan engine stands as the dominant engine in commercial aircraft with a market share of 73%. It is followed by the Turboshaft and Turboprop engines, which hold smaller portions of the market.

Recent development in the aircraft engine is the emergence of a new turbofan engine. Developed by CFM International in 2008, LEAP engine is a type of turbofan engine and is one of the most efficient aircraft engines currently in operation. CFM International has a backlog over 10,000 LEAP engines. These engines power the NB aircrafts like Airbus A320neo, Boeing 737Max and the newly developed COMAC C919.

Market Share of Aircraft Engine by type (2023)



Source – Fortune Business Insights, 2023

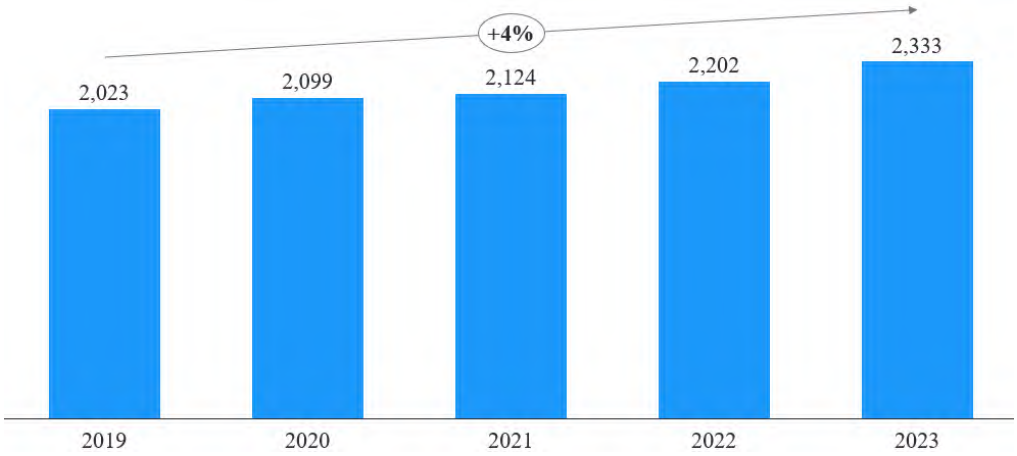
Assessment of Defence industry

Global defence sector outlook

In 2023, the military expenditure as a percentage of GDP was higher by 0.1% standing at 2.3%. Americas contributed 41% to the overall military expenditure. Americas combined with China form more than half of the global military expenditure.

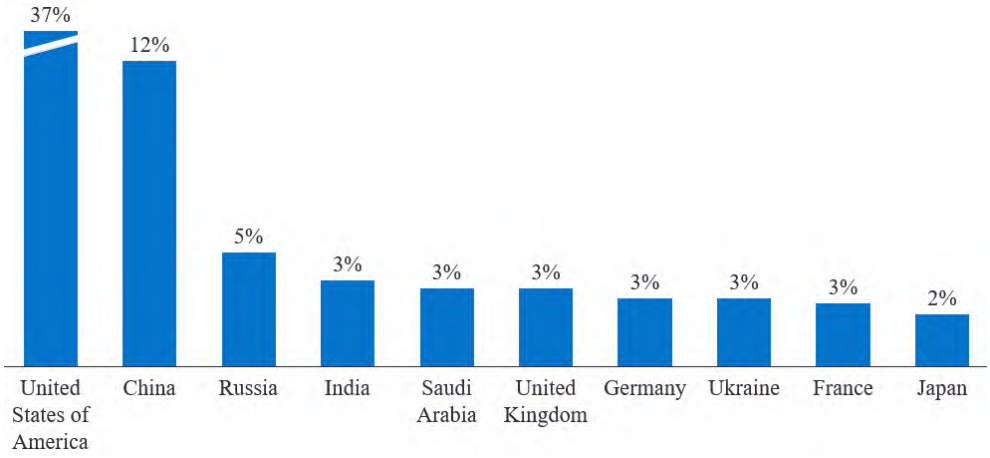
As per SIPRI reports, the European region saw an increase of 16% in miliary spending due to the countries' spend on supporting Ukraine during the wartime with financial and military aid, modernizing own equipment to be 'war-ready' due to proximity to war zone, adding additional manpower and replenishing equipment provided to Ukraine. While Russia's military spend increased by 24%, Ukraine's spending increased over 51% from its previous year and amounted to ~ US$ 65 Bn.

Global military expenditure (US$ Bn) (2019-23)



Source: SIPRI
Note: Includes SIPRI estimates of military spending for certain countries. All values at constant 2022 prices and exchange rates.

Top countries by value share of military expenditure in 2023



Source: SIPRI

- USA has the largest defence spending in the world and has been growing at a CAGR of 9.9% over the last decade. As of 2023, the defence budget was US$ 916 Bn under the 'RDT&E on which it spent 9.4% more than last year'. Apart from the amount assigned to 'US Department of Defense', US also provided assistance to Ukraine amounting US$ 35.7 Bn.

- China is the world's second largest defence spender, with an expected US$ 296 billion in defence spending in 2023. This amounts to approximately 12% of the global spending and 1.7% in share of their GDP. Last 29 years have seen tremendous growth in military spending in the nation, and with their high spends in military makes it a reason for neighboring nations to spend more as well, due to perceived threat.

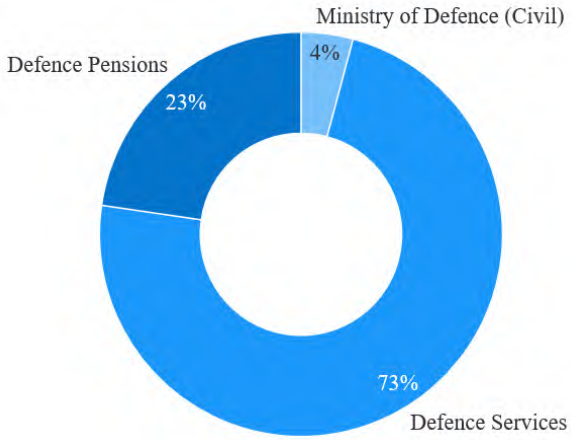
India's defence industry

India ranks fourth in the world in terms of defence expenditure as per 2023 data from SIPRI. The country's need for extensive capabilities in defence sector arises primarily from having two neighboring countries Pakistan and China with nuclear capabilities and with whom India shares land boundary and has historically had border conflicts. Along with that for the past year the expenditure was also on account of the number of personnels & the operational metrics. This covered eighty percent of the 2023 expenses.

The growth vs last years expenses was 4.2 percent and when compared to the year 2014, it was a growth of more than forty percent. The spending as a share of GDP stood at 2.4% vs 2.5% in 2014.

Indian Government's Union Budget of Fiscal 2025 allocated INR 621.9 Bn towards Ministry of Defence (MoD). The MoD budget in India is split across defence services, MoD civil services and pensions. Defence services expenditure is the largest segment accounting for 73% allocation of the annual defence budget in Fiscal 2025.

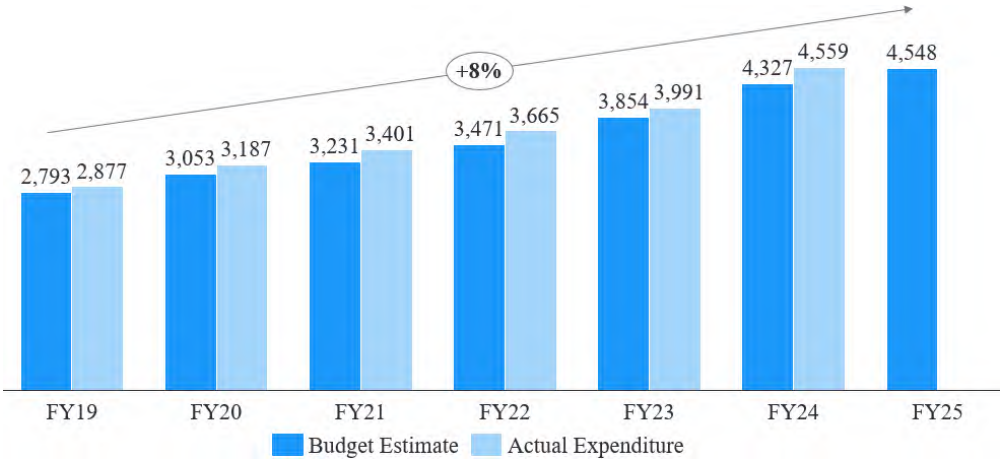
Allocation of Ministry of Defence budget in Fiscal 2025



Source: Ministry of Finance, Union Budget
Note: Defence services includes both revenue and capital outlay expenditures

In the last 5 years the actual expenses have always exceeded the allocated budget for the year, and every year the budget allocated has been increased at a significant rate.

Defence services budgeted and actual expenditure over the years (INR Bn) (Fiscal 2019 – Fiscal 2025)

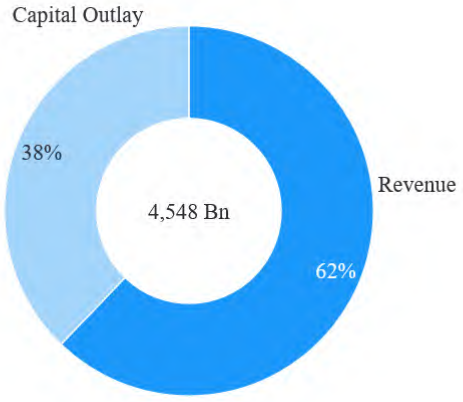


Source: Ministry of Finance, Union Budget
Note: Budget estimates mentioned for Fiscal 2025, Fiscal 2024 Actuals represents Revised Estimates; includes both revenue and capital outlay expenditures

The allocation is split into- Revenue and Capital Outlay, the capital outlay includes total capex for procurement of arms, ammunition, missiles etc. along with capex like land buying, expenditure on construction etc. The expenses for modernization & upgrades are also a part of it, there is a constant requirement of keeping the equipment up to date. The Defence purchases and upgrades happen in a planned and phased manner spearheaded by the Defence Acquisition Council.

Revenue head includes operational expenses such as salaries, transportation charges, Ex-Servicemen Contributory Health Scheme charges and all other non-capital expenditures.

Split of Fiscal 2025 allocation by revenue and capital outlay (INR Bn)



Source: Ministry of Finance, Union Budget

Trends in defence production in India

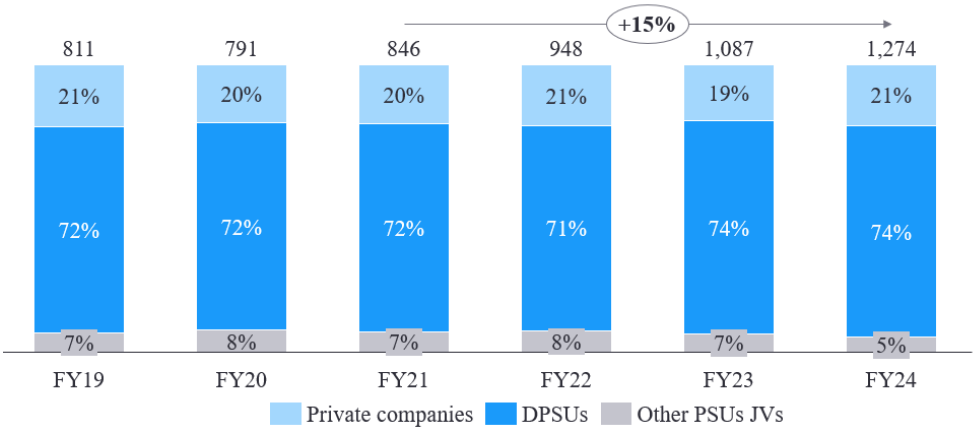
Although India has a wide system of defence PSUs, ordnance factories and private players in defence manufacturing space, India is highly dependent on imports for its advanced military equipment. The country has consistently ranked among the top importers of major arms.

As per latest SIPRI report, India stood at first in terms of nations importing arms, with a share of 9.8% in overall imports from a period of 2019-23. The major importer nation, a decade back, was Russia, that lately has been totally replaced by imports from USA, France & domestic procurement.

To boost local manufacturing and reduce dependence on imports, the Indian government recognized defence segment as a core sector for achieving 'Atma Nirbhar' in 2020. The scheme pushed for reforms across verticals and adequate funding to achieve 'self-reliance'.

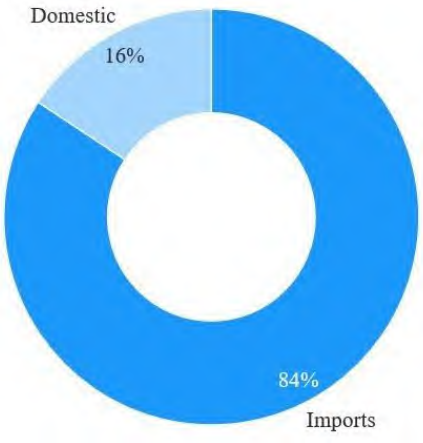
Post the launch of the scheme, defence production has reached INR 1,274 Bn with a growth rate of 15% vs Fiscal 2021. Exports have risen by 36% in the same period.

Trends in defence production in India (INR Bn) (Fiscal 2019 – Fiscal 2024)



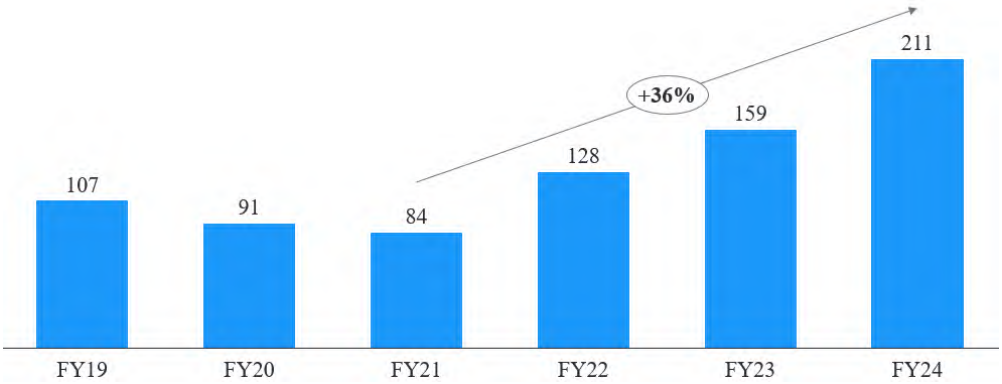
Source: Ministry of Defence, Dept. of Defence production dashboard accessed January 2025

Share of major conventional arms procured between 2016-2020 as per origin



Source: SIPRI accessed on January 2025
Note: Major arms as categorized by SIPRI include Aircrafts, armor, ships, missiles, air-defence systems etc. Arms produced completely in-house from design, development to manufacturing are considered domestic. Licensed production is included in imports.

Trends in value of Indian exports (INR Bn) (Fiscal 2019 – Fiscal 2024)



Source: Press release from Ministry of Defence in PIB, dated 01 April 2024

The need for 'self-reliance' or 'Atma Nirbhar' in defence

The Indian defence industry is currently gearing up to move away from imports and is looking to capitalize the current opportunities in the defence manufacturing sector and to reduce the time taken for import procurement.

SIPRI report on 'Arms-production capabilities in the Indo-Pacific region' dated October 2022 notes that 84% of India's major arms procured between 2016 to 2020 are of foreign origin. Sixty-nine percent of the foreign origin arms were produced under license with Indian components. However, there is limited technology transfer between the licensed parties and the dependence on foreign technology continues. Of the major arms, import reliance is very high for armor (licensed production), aircrafts, missiles and air-defence systems while it is low for ships.

In terms of domestic capabilities, India is home to seven of the top 50 arms-producing and military services companies in the Indo-Pacific region.

Ranking of Indian companies among the top fifty arms producing companies in Indo-Pacific region

Company	Ranking	Arms sales as % of total sales
Hindustan Aeronautics Limited (HAL)	9	95%
Indian Ordnance Factories	12	98%
Bharat Electronics Limited	16	78%
Mazagon Dock Shipbuilders Limited	32	100%
Cochin Shipyard Ltd.	41	86%
Bharat Dynamics Ltd.	43	100%
Ashok Leyland	48	10%

Source: SIPRI accessed on January 2025

Note: Ranking based on value of arms sales for the year 2020 in US$ million

Summary of Defence Acquisition Procedure ("DAP")

Defence Acquisition Procedure (DAP) was drafted by Indian government with the objective of promoting domestic production, indigenization, promoting import substitution, cutting-down the gestation period and hastening up of defence procurement. The draft was accepted and is periodically updated to match the latest requirements of the defence production.

Key measures under this policy include defining the 'Make III' category to promote import substitution, introduction of a new 'Buy (Global- Manufacture in India)' category to encourage entry of foreign manufacturers into India for manufacturing, maintenance and provision of spare parts and notification of 'Positive Indigenization lists' to encourage domestic development of equipment / technology and discourage imports.

The latest update by Ministry of Defense indicated towards complete overhaul of the DAP 2020 in 2025.

Initiatives to promote Atma Nirbhar Bharat in the defence sector

For India to achieve self-reliance in the defence sector, 'Make in India' and 'Atma Nirbhar Bharat' schemes have pushed for initiatives across the value chain. PIL has been notified with 346 items in July by Defense Production department.

As a result of the push of indigestion, in 2024 of the 132 acquistion contracts 126 were signed with Indian vendors.

Major contracts signed with indigenous manufacturers in 2024

Company	Contract details	Value of contract (INR Bn)
Bharat Electronics Limited (BEL)	Procurement of 11 Shakti Electronic Warfare Systems	22.6
Hindustan Aeronautics Limited (HAL)	Multiple contracts for- 240 AL-31FP Aero Engines for Su-30MKI aircraft, 12 Su-30MKI aircraft, 34 Advanced Light Helicopters (ALH) Dhruv Mk III along with Operational Role Equipment for Indian Army (25 ALHs) and Indian Coast Guard (09 ALHs), RD-33 Aero Engines for MiG-29 aircraft, Mid Life Upgrade of 25 Dornier Aircraft	557 (Combined Value)
Advanced Weapon Equipment India Limited	Manufacturing and supply of 463 12.7 mm Stabilized Remote-Control Guns	17
Mazagon Dock Shipbuilders Limited	14 Fast Patrol Vessels (FPVs) for the Indian Coast Guard	10
Armoured Vehicles Nigam Limited	693 Armament Upgrades of Infantry Combat Vehicle BMP2 to BMP2M	-
BrahMos Aerospace Private Limited	BrahMos missiles and Ship borne BrahMos system	205
L&T	Multiple- Procurement of Close-in Weapon system & High power Radar, procurement of 155 mm/52 calibre K9 VAJRA-T Self-Propelled Tracked Artillery Guns	209
Cochin Shipyard Limited	Short Refit and Dry Docking of INS Vikramaditya	12
Chowgule & Company Private Limited	Procurement of 6 Air Cushion Vehicles	-

Source: Press release from Ministry of Defence in PIB, dated 26th Dec 2024

The 'Make in India', DAP and Atma Nirbhar policies together have promoted the participation of Indian conglomerates and private players in partnerships with global manufactures in the Indian defence manufacturing space.

Impact of 'Atma Nirbhar' on Hindustan Aeronautics Limited (HAL) orderbook

HAL has shown substantial sales growth in recent years, with a 13% rise in Fiscal 2024 over Fiscal 2023. The company achieved its target of double digit growth before an year before expected. As of May 2024, Hindustan Aeronautics Limited (HAL) had an orderbook worth INR 940 Bn. Manufacturing orders included orders for RD-33 engines, ALH for army, Light Utility Helicopters, Sukhois etc. As per their latest earnings call, the outstanding order book for FY25 should be INR 1200 Bn.

Hindustan Aeronautics Limited (HAL) orderbook and pipeline as of May 2024 (INR Bn)

Source: Hindustan Aeronautics Limited Q4 FY-24 Earnings Conference Call May 17,2024

In terms of key projects in pipeline, Hindustan Aeronautics Limited (HAL) has LCA Mark 1A, Light Combat Helicopters, Dhruv, ALH, Dornier Aircrafts.

'Make in India' for aircraft and drone engines

Aircraft engine manufacturing is considered complex due to the need for specific technical requirements to provide stability to aircraft and handle the heat generated during operation while maintaining fuel efficiency. Even China with high technical expertise lack robust engine capabilities and depend on imports for these products. Indian drones and prominent aircrafts have also been highly dependent on foreign technology for their engines.

Hindustan Aeronautics Limited (HAL) has partnered with Safran Helicopters Engine SAS to manufacture new gen helicopter engines, the contract is named SAFHAL, under which high power engine called Aravalli will be developed. This new engine is meant to power IMRH & DBMRH that are developed by HAL for Indian Army and Indian Navy respectively. The contract, when executed is likely to boost engine technology capabilities of Hindustan Aeronautics Limited (HAL) and provide higher degree of technology autonomy in the Indian manufacturing sector.

Aerospace and Defence components overview

Different segments in the aerospace market

Aerospace market includes:

1. ***Commercial & general aircrafts:*** Commercial aircrafts are used for the purpose of transportation of passengers & cargo for commercial reasons. Commercial aviation is meant for civilians use- both passengers and cargo. This market is highly concentrated with duopoly of The Boeing Company & Airbus SE.

2. ***Military aircrafts:*** These are used for defence purposes. These aircrafts are fully equipped with equipment to support combat operations. These are specifically designed for different purposes. And these are built for use by Air Force for military operations, these are equipped with latest technologies, radar systems & weapon systems. These include combat & non-combat aircrafts.

    a. ***Combat aircrafts:*** These include aircrafts like fighters, bombers, attack aircraft, electronic warfare, maritime patrol, multirole etc.

    b. ***Non-combat aircrafts***: These include aircrafts like military transport aircraft, airborne early warning & control aircrafts. They are also used to carry out search and rescue operations.

Key components used in the aerospace & defence

An aircraft typically consists of three key components: Outer structure, engine, and operational systems.

1. ***Outer structure***: The outer structure of an aircraft consists of the following four main parts:

a. ***Fuselage***: This is the main part of the aircraft, the long hollow tube that forms most of the aircraft. This is the part where cargo, cabin crew, passengers, & pilot are seated. It also includes the cockpit. For a weight reduction, it is hollow from inside.

b. ***Wings***: Airplanes have fixed wings, whereas helicopters have rotating wings, wings perform the important function of lift in the aircraft. Wings have two parts: flaps and ailerons, ailerons are used to control the rotation around the front-to-back axis of the aircraft, whereas flaps are used to provide lift & drag to the airplane.

c. ***Empennage***: They work to guide the aircraft to reach its destination and includes the complete section of tail of the aircraft. The rudder helps steer the aircraft. They are the tail unit at end rear end of the fuselage.

d. ***Landing gear***: The landing gear is the part of the aircraft that aids landing, take-off & taxi for the aircraft. It is an integral part of the aircraft. Retractable gears are also present in some of the fast aircrafts. The landing gear absorbs the shock while pilot performs landing of the aircraft.

2. ***Engine***: Part of the propulsion that move the aircraft forward by exerting thrust. A jet engine includes the below mentioned parts:

   a. ***Fan***: The key responsibility of airfoils in this section is to suck in air which splits into two parts. The first part of the air passes through the engine core, whereas the second part completing skips the engine core and enters a duct (which is encompassing the core and back of the engine) to provide thrust to the jet engine.

   b. ***Compressor***: In the compressor section, airfoils squeeze the air entering into the engine core to increase its pressure. This results in a high potential energy of air and then pushed into the combustor. The compression ratio between inlet and outlet pressure determines the thrust and efficiency of the engine so the compressor components are highly critical to maintain the optimum compression ratio.

   c. ***Combustor***: The combustor, manufactured from ceramic materials can withstand the temperatures as high as 2,700 degrees Celsius. This is the location where fuel and air get mixed. This results in ignition of the engine. The fuel burns in tandem with the presence of oxygen in the pressurized air.

   d. ***Turbine***: Blades of a turbine move when air which is highly energized enter the turbine. The fan that is present in the front of compressor moves via the movement of the turbine shaft. The turbine moves the air through the engine, and it is the force with which the turbine moves the air which provides the aircraft with the required thrust. Hence component criticality is of prime importance.

   e. ***Nozzle***: It is responsible to push the plane in a particular direction.

3. ***Operational Systems***: Systems that are required in an aircraft for its proper functioning. Some of the important systems within the aircraft are listed:

   a. Pneumatic systems

   b. Hydraulic systems

   c. Rotary wings systems

   d. Fuel System

   e. Environmental control system

   f. Avionics Technology

   g. Engine control systems

   h. Flight control systems

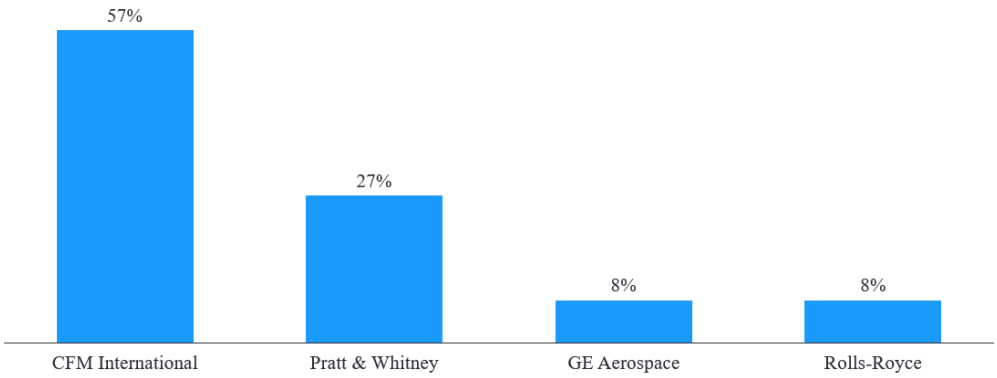
Components like rotor & stator airfoils are used across various end-use-applications like commercial aircrafts, defence aircrafts and helicopters.

Aircraft engine and other part manufacturers

Aircraft engine manufacturers and their share

CFM International (JV of GE Aerospace and Safran S.A.) is the market leader with 57% share followed by Pratt & Whitney with 27% share, as per 2023 engine deliveries.

Aircraft engine manufacturers market share (%) based on 2023 deliveries*



Source: Commercial Engines Report -2023 by Flight Global
Note: Data is for deliveries in 12 months to June 2023

Passenger aircraft engines in service by manufacturers (2024)

Manufacturers	Number of Engines
GE Aerospace & its JVs	44,000
Pratt & Whitney	13,000
Rolls-Royce	12,560

Source: GE 2024 Investor Conference Report, Rolls Royce annual report, Pratt & Whitney Website accessed January 2025
Note – GE Aerospace and its JV include GE, CFM International and Engine Alliance

Other key manufacturers of aerospace components

Apart from the engine manufacturers in the aerospace ecosystem, it also includes following players:

1. ***Original Equipment Manufacturers***: Manufacturers like The Boeing Company, Airbus SE that design, build & assemble the complete aircrafts.

2. ***Avionics & Electronics Suppliers***: Companies like Honeywell International Inc. that specialize in building avionics & electronic subsystems.

3. ***Other subsystems***: Components and parts manufactured by vendors such Eaton Corporation Plc which provide power management solutions, hydraulic systems and more to the OEMs.

List of key manufacturers in aerospace & defence segment

The commercial aircraft market is dominated by The Boeing Company and Airbus SE, which together had over 90% market share of the global commercial aircraft market. Lockheed Martin Corp. is a key supplier for aircraft manufacturer to the US Defence. Hindustan Aeronautics Limited (HAL) is the sole player that designs & manufactures aircrafts in the Indian aircraft market.

Azad Engineering Ltd. supplies components to 6 manufacturers in the aerospace & defence segment mentioned below (The Boeing Company, Airbus SE, Collins Aerospace, Eaton Corporation Plc, GE Aerospace, HAL, Honeywell International Inc., Lockheed Martin Corp., Safran S.A.).

Details of key manufacturers

Players	Description	Player type	Products (aircraft related)
The Boeing Company	US based MNC that builds, designs & manufactures aircraft	OEM	• Commercial Aircrafts • Defence, Space & Security
Airbus SE	European company that is involved in designing & manufacturing of aircrafts	OEM	• Commercial Aircraft • Defence & Space
Collins Aerospace	American firm that is involved in designing & manufacturing components for aircraft	Component/ Sub-system manufacturer	• Aerostructures • Avionics • Mechanical Systems

Players	Description	Player type	Products (aircraft related)
			• Power & Control
Eaton Corporation Plc	American Irish conglomerate with focus on power management	Component/ Sub-system manufacturer	• Fluid Conveyance Systems • Fuel Systems • Motion Control Systems
GE Aerospace	US based MNC operating in multiple industries	Engine manufacturer	• Aircraft Engines
HAL	Indian PSU aerospace & defence company that develops, designs & manufactures aircrafts	OEM	• Defence Aircrafts • Helicopters • UAVs
Honeywell International Inc.	USA based large multinational conglomerate with presence across different industries	Component/ Sub-system manufacturer	• Engine & Power System • Mechanical Systems • Electronics Systems
Lockheed Martin Corp.	USA based aircraft manufacturer and a leading supplier to the US Defence	OEM	• Aircrafts • Radar • Sensors • Weapon systems
Safran S.A.	French MNC that develops, designs & manufactures aircraft engines	Engine manufacturer	• Aircraft Engines

Source: Company websites
Note: List of products is non-exhaustive

OILFIELD INDUSTRY

Presence of Azad Engineering Ltd. in the Oilfield industry

Azad Engineering Ltd. supplies components to the oilfield industry such as drill bits, slips which are used in the drilling equipment and are part of the exploration and production phase. The company has supplied components to one of the global manufacturers of drilling equipment.

This section of the report covers the assessment of oilfield industry and an overview of the different equipment used in the oilfield industry.

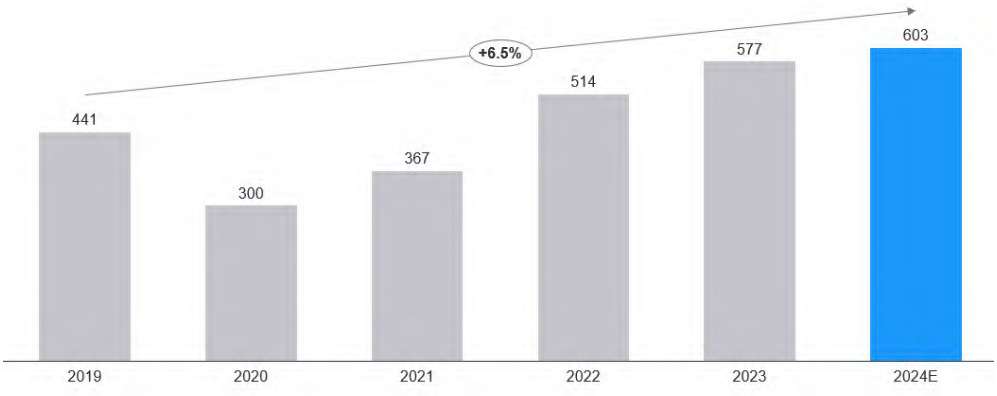
Assessment of Oilfield industry

Global exploration and production (E&P) spending

The global spending on upstream capex has been growing at 6.5% historically and currently stands at 603 Bn (2024). Although the spending witnessed a significant fall in 2020 during COVID but has now bounced back above pre COVID levels. One of factors responsible for this increased spending is also the rising costs along with the increase in E&P activity.

As per worldoil estimates, India, Asia, and Australia are expected to lead the growth in 2023 as spending in these regions remained relatively consistent even during the pandemic. Along with these countries, The MENA region is also expected to witness accelerated growth.

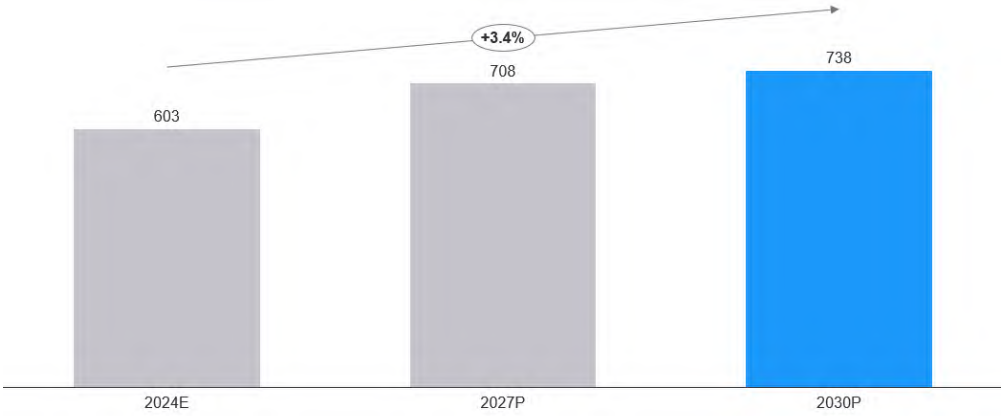
Global O&G upstream capex (US$ Bn), (2019-2024)



Source – IEF, S&P Global Upstream Oil and Gas Investment Outlook, dated June 2024

As per IEF and S&P estimates, the global O&G upstream spending would reach US$738 Bn by 2030 Along with the rising costs, the other key drivers for this spending are demand and production. Since historically production growth lagged the demand growth, this further creates a need for increase in E&P to ensure stable supply.

Global O&G upstream capex forecast (US$ Bn), (2024-2030)

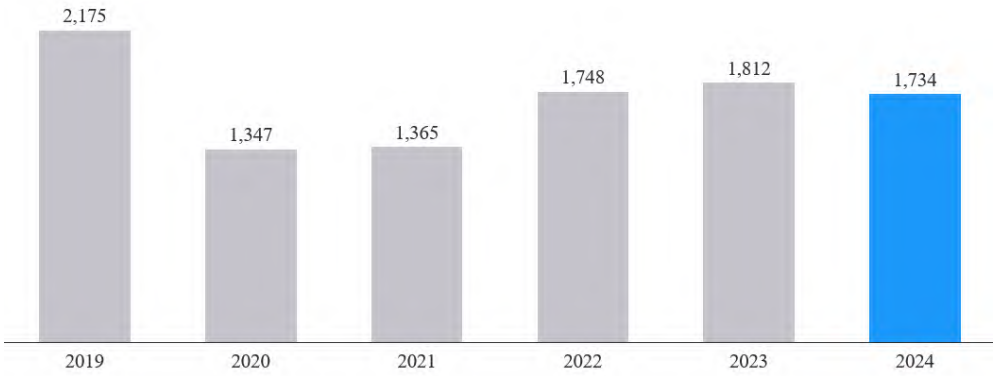


Source – IEF, S&P Global S&P Global Upstream Oil and Gas Investment Outlook, dated June 204

Global rigs

The global average rig count (including both land and offshore rigs) currently stands at 1,734 (2024). Following the trend in upstream capex, the rig count also witnessed a decline in 2020 but is now recovering.

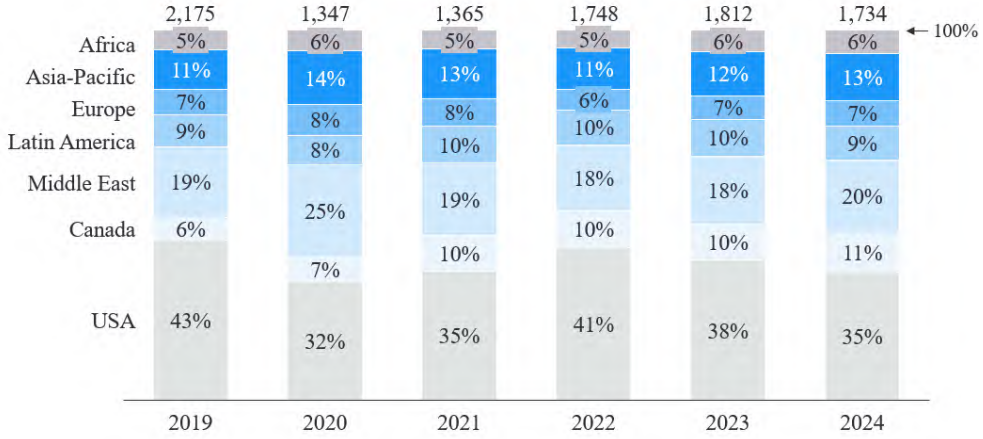
Global rigs (units), (2019-2024)



Source – Baker Hughes rig count, dated January 2025

US leads the average rig count making up for about 35% of the global average rig count, followed by Middle East at ~20%. However, the US share has declined over the past two years, dropping from 41% in 2022 to 35% in 2024.

Global rigs share by country (units), (2019-2024)



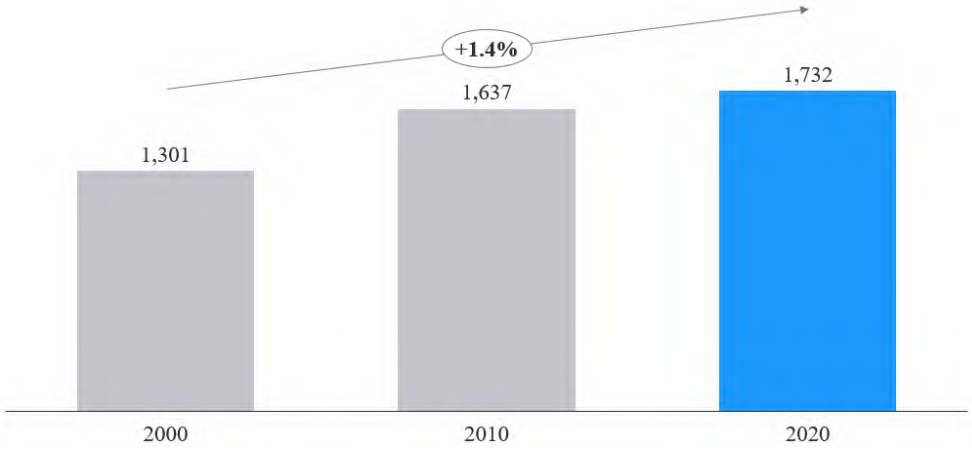
Source - Baker Hughes rig count, dated January 2025

Global crude oil reserves, production, and consumption

Global oil reserves

The global oil reserves have grown at about 1% annually in the last decade and was 1,734 thousand million barrels in 2020.

Global oil reserves (thousand million barrels), (2000-2020)

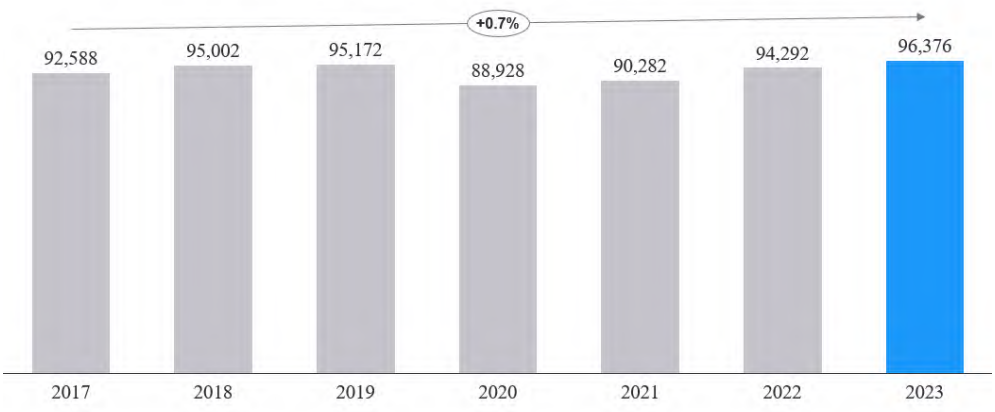


Source – Energy institute statistical review of world energy, dated June 2023

Global oil production

The global oil production has remained stagnant, witnessing an annual growth of just 0.7% in last 6 years and currently stands at 96,376 thousand barrels daily (2023). Because of the major production cuts by OPEC during COVID to curb the falling oil prices, production also witnessed a decline in 2020 but is now back to pre-COVID level following the demand.

Global oil production (thousand barrels daily), (2017-2023)



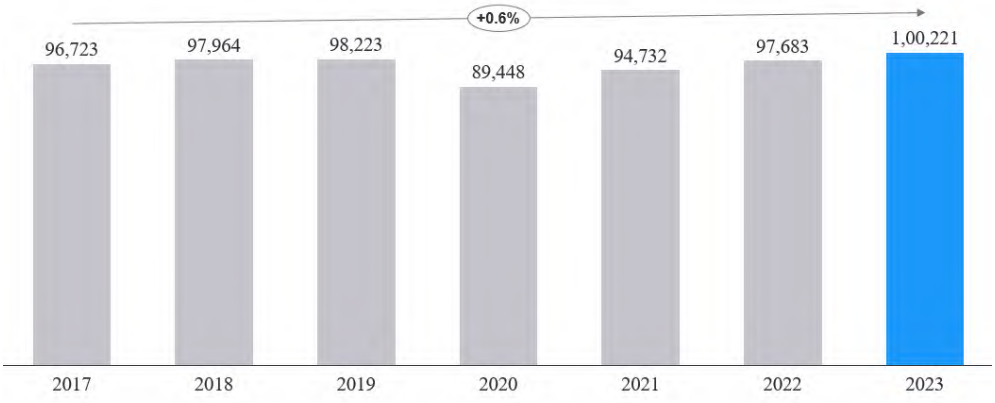
Source – Energy institute statistical review of world energy, dated June 2024

Middle East contributes to about a third (31.5%) to global oil production with North America at second spot accounting 28.1%. The share of North America has increased from 22% in 2017 to 28% in 2023.

Global oil consumption

There was a daily oil consumption of 100,221 thousand barrels globally in 2023 with a compounded annual growth of 0.5% between 2017-23.

Global oil consumption (Thousand barrels daily), (2017-2023)



Source – Energy institute statistical review of world energy, dated January 2025

Indian rigs

Oil rigs, both onshore and offshore regions, are critical to exploration, extraction & production of crude oil.

Indian oil rigs (CY20-CY24)

Oil rigs	2020	2021	2022	2023	2024
Onshore	59	56	59	56	50
Offshore	20	10	10	14	20
Total	79	66	69	69	70

Source: Baker Hughes rig count, dated January 2024

Indian crude oil reserves, production, and consumption

Crude oil reserves

As of Fiscal 2023, India has around 670 million metric tons of crude oil reserves. With the ever-increasing demand, these reserves are of great importance as reduce India's reliance on imports.

Indian crude oil reserves (Fiscal 2018 – Fiscal 2022)

Indian crude oil reserves (in MMT)	2018-19	2019-20	2020-21	2021-22	2022-23
Onshore	341	337	326	395	411
Offshore	278	271	266	258	259
Total	619	608	592	653	670

Source: India climate and enery dashboard – accessed January 2025

Indian crude oil production & consumption

In Fiscal 2024 the production of crude oil in India stood at 29.4 Metric Tons, it is lower than the Fiscal 2020 production by approximately 10%. The primary reason is the decline in productivity of older fields, and some events like shutdowns.

Indian crude oil production – Fiscal 2020 – Fiscal 2024

Indian crude oil production	2019-20	2020-21	2021-22	2022-23	2023-24
Crude oil production (in MMT)	32.2	30.5	29.7	29.2	29.4

Source: Snapshot of India's Oil and Gas data dated December 2021-2024

India's crude oil consumption has increased in line with economic growth

Indian crude oil consumption – FY20-FY24'

Indian crude oil consumption	2019-20	2020-21	2021-22	2022-23	2023-24
Crude oil consumption (in MMT)	254.4	221.8	241.7	255.2	261.5

Source: Snapshot of India's Oil and Gas data dated December 2021-2024

Drilling equipment overview

Azad Engineering Ltd. supplies drill bits to the oilfield service and equipment players. Drill bits are part of rotary system of the drilling rig. Additionally, the company also supplies downhole drilling tools such as reamers.

The key components for drilling rig and the downhole drilling tools include:

Drilling Rig

A drilling rig is the platform that facilitates drilling operations, housing the essential components required for the drilling process. The various components include:

1. ***Power System***: This system supplies the power required to operate the rig.. Usually, the power is generated via combustion generators.

2. ***Hoisting System***: This part executes the core drilling operations. This system is used to elevate, descent and hang the drill string and provide support in their insertion into the well.

3. ***Well control & monitoring system***: It is used to prevent the unrestrained & destructive release of high-pressure fluids like oil, gas, or salt water from the formations at subsurface. In the event of an abrupt pressure shift in the well causing formation fluids to surge upwards, the Blowout Preventer (BOP) is promptly activated to seal off the well, preventing blowouts.

4. ***Rotary system***: It causes the drill bit to rotate over the wellbore. The rotary system has multiple components including drill bit.

5. ***Circulating system***: This system is used to support the movement of drill fluid or mud through the drill string. It comprises of multiple components which enable the drilling fluid to effectively accomplish its core functions.

Downhole Drilling Tools

Downhole drilling tools are critical for well drilling, completion, and intervention, ensuring well stability and a consistent reservoir flow.. These tools including reamers, elevators, tongs etc support workover operations and facilitate the well completion process.. Additionally, these tools enable the assessment of reservoir properties like rock, sand, and liquids by retrieving samples to the well's surface for analysis.

Components such as drill bits are used in discovery & extraction of fossil fuels.

Key manufacturers of drilling equipment

There are some key players in the drilling equipment market globally including Schlumberger, Ltd., Baker Hughes, Haliburton, NOV Inc., RPC Inc. etc.

Azad Engineering Ltd. supplies components to one of the manufacturers of drilling equipment mentioned below (Schlumberger Limited, Baker Hughes, Halliburton, NOV Inc., RPC Inc.).

Details of key manufacturers

Players	Description	HQs	Products/ Services (O&G)
Schlumberger Limited	Oilfield company providing technology, services & solutions. It is the largest oilfield player	US	• Reservoir characterization • Well construction • Production • Intervention • Drilling services
Baker Hughes	Global energy tech company that is focused on providing services, equipment & digital solutions to O&G	US	• Onshore composite pipes • Reservoir tech services • Drilling • Production • Integrated well services • Processing
Halliburton	Multinational oil and gas company that provides tech & solutions for exploration, drilling & production of oil	US, UAE	• Well construction • Integrated well construction • Drilling & completion • Well cementing • Well construction hardware
NOV Inc.	National Oilwell Varco is a provider of equipment, components & services for the global O&G industry	US	• Drilling • Onshore, offshore prod. • Well construction & completion • Intervention
RPC Inc.	Range of specialized equipment, services, & tech. for exploration, drilling, completion, & prod. activities	US	• Downhole tools • Pressure pumping • Snubbing • Well control

Source: Company websites
Note: List of products is non-exhaustive

ARKET FOR COMPONENTS IN ENERGY, A&D AND OILFIELD INDUSTRY

ENERGY TURBINE COMPONENTS

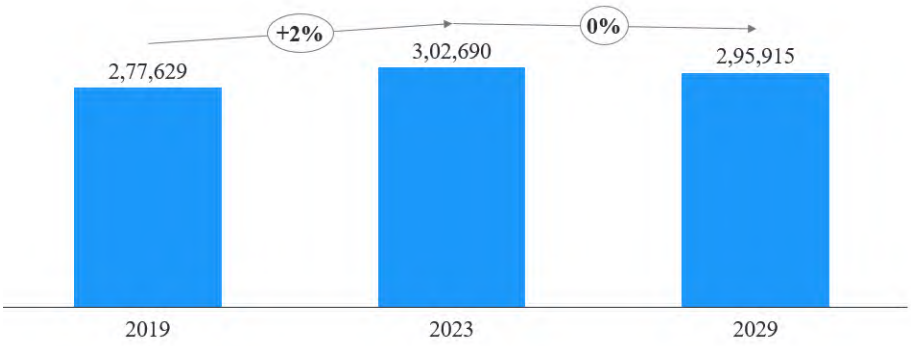
Market review and Outlook

This report talks about the market for 2 types of energy turbines. These include turbines used for power generation and turbines used in industries for applications other than power generation.

Overall power turbine components market and outlook

The overall global market for components of a turbine used for power generation in 2023 is INR 3,02,690 Mn & is expected to be INR 2,95,915 Mn by 2029.

Overall power turbine components market (INR Mn) (2019-29)



Source: IEA World Energy outlook dated October 2024, Global energy monitor July 2024, World Nuclear Association accessed January 2025, IAEA reports
Note: 1. Overall turbine components market includes blades market for coal, nuclear and gas turbines. Additionally, it includes non-blades market for gas turbines and diaphragm market for nuclear turbines.

1. The market forecast for power turbine (coal and gas) components is based on the STEPS scenario of IEA.

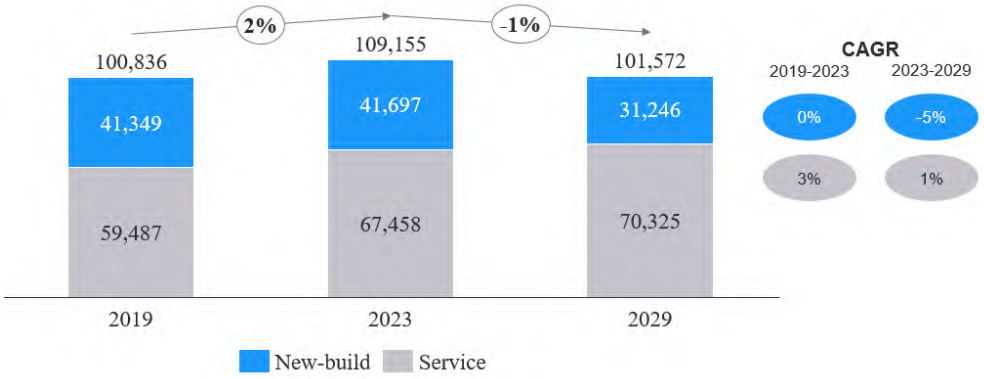
Turbine blades market can be divided into two types of market basis the market that they cater to –

1. ***New-build market*:** Constitutes the market for turbine blades from contracts for the construction of new power plants and those currently under development.

2. ***Service market*:** Turbines have a limited operational lifespan depending on the fuel type for the power generation and other operational factors. At the end of the operational period or in the case of unforeseen breakdown these blades need to be replaced which generates demand for blade manufacturers.

The overall global market for blades of a turbine used for power generation in 2023 was INR 109,155 Mn & is expected to be INR 101,572 Mn by 2029.

Overall power turbine blades market (INR Mn) (2019-29)



Source: IEA World Energy outlook dated October 2024, Global energy monitor Juky 2024, World Nuclear Association accessed January 2025, IAEA reports
Note: 1. Overall turbine blades market includes market for coal, nuclear and gas turbines.
2. The market forecast for power turbine (coal and gas) components is based on the STEPS scenario of IEA.

Global gas power turbine blades market

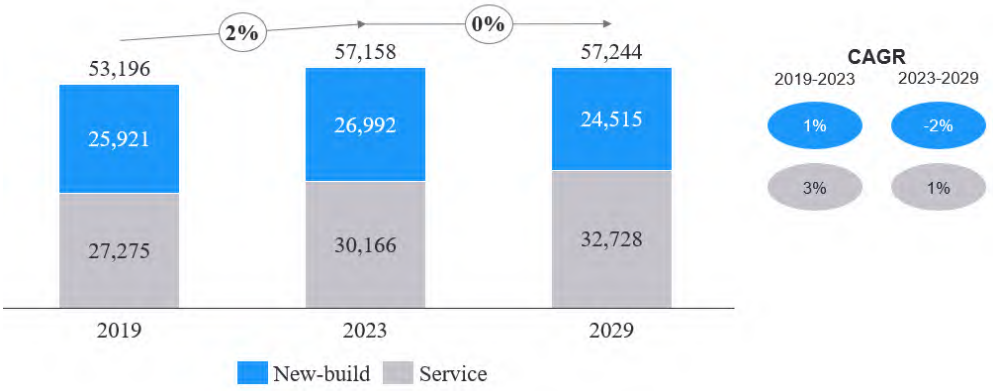
The demand of gas turbine is dependent on the demand for natural gas power plants. The International Energy Agency predicts a 1.7% growth in global natural gas demand from 2023-2030, which is driven by multiple factors such as:

1. Demand of turbines led by growth of gas-based power generation in countries that have access to natural gas or have set up LNG facilities to source gas through contracts.

2. ***Switch to Natural Gas*** - Countries across the world are opting for natural gas as a more environment friendly option for power generation to reduce their impact and achieve net-zero emissions by 2050.

The global gas turbine blades market in 2023 was INR 57,158 Mn & is expected to go up to INR 57,224 Mn by 2029. Service market for gas turbines account for ~55% in 2023 and is expected to be in similar range in 2027.

Global gas power turbine blades market (INR Mn) (2019-29)



Source: IEA World Energy outlook dated October 2024, Global energy monitor July 2024.
Note: 1. The market forecast for gas power turbine components is based on the STEPS scenario of IEA.

New gas power turbine blades market is directly linked to the growth of use of gas power, and these are linked with the sale of turbines as sold by the OEMs. The replacement is determined by the age of gas turbines, maintenance cycle lengths & overall new technology push.

Natural gas is also seen as a bridging fuel that supports integration of intermittent renewable energy sources. Hence there are turbines designed to utilize wide variety of fuels such as renewable gases, hydrogen blends and the likes. New gas turbines are being modified to burn hydrogen as a fuel, and this will push the life of these turbines as their use will continue even in the new energy economy with high share of renewable energy.

The global gas power turbine blades market grew in 2023, driven by a 4% CAGR in capacity expansion from 2021-2023, reaching 2,007 GW. A surge in retirements in 2023 is expected to drive new capacity additions. In the U.S., natural gas retirements rose to ~6.2 GW in 2023, up from 1.8 GW in 2022, before moderating to 2.4 GW in 2024, according to US EIA.

Global nuclear power turbine blades market

Global nuclear power turbine blades market is estimated to be roughly INR 3,142 Mn in 2019 and is projected to reach INR 4,395 Mn by 2029. Growth is primarily driven by an increase in new nuclear plant openings, a total of 55 new plants in 2025-2029 compared to 28 new plants in 2019-2023.

The service market in 2023 experienced a temporary surge, with service demand peaking at 26 turbines, above the 2019-2023 average of 18 per year. Similarly, the service market is projected to temporarily decline in 2029, with service demand dropping to 9 turbines compared to an annual average of 22 during 2025-2029.

The growth in the nuclear turbine blades market is directly associated to the growth of the overall nuclear power industry. Some of the key drivers for the nuclear power industry are –

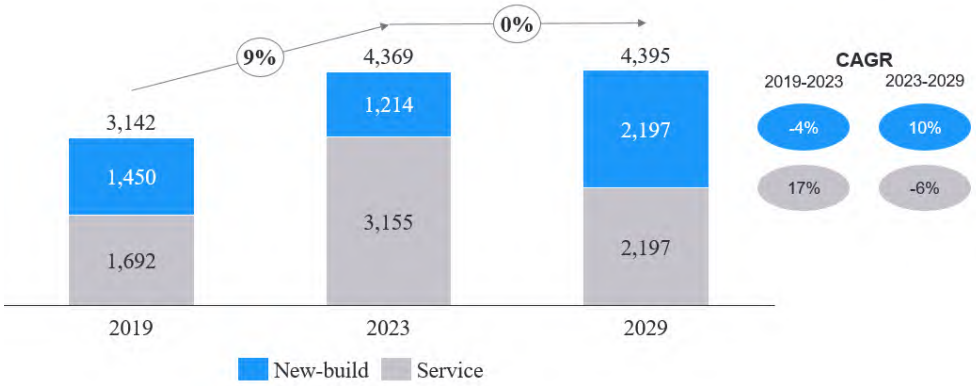
1. ***Focus on clean energy*** – Countries across the globe are focusing on controlling their effect on global warming with a higher focus on alternate energy sources like renewables and nuclear power.

2. ***Expected adoption of SMR technology by developing nations*** – Developing economies are increasingly adopting Small Modular Reactor (SMR) technology due to its cost advantages, shorter deployment timelines, and standardized components. With approximately 80 SMR technologies under development, order volumes are expected to rise as nations seek efficient and scalable nuclear solutions.

New-build market: Over the years, there has been an increase in the number of new nuclear power plants with an expectation of future growth driven by the number of power plants which are currently under construction and set to begin operations in the next five years.

Maintenance market: Typically, reactor turbines have an operational lifespan ranging from 25 to 30 years. But there is a maintenance market targeting reactors of this age bracket.

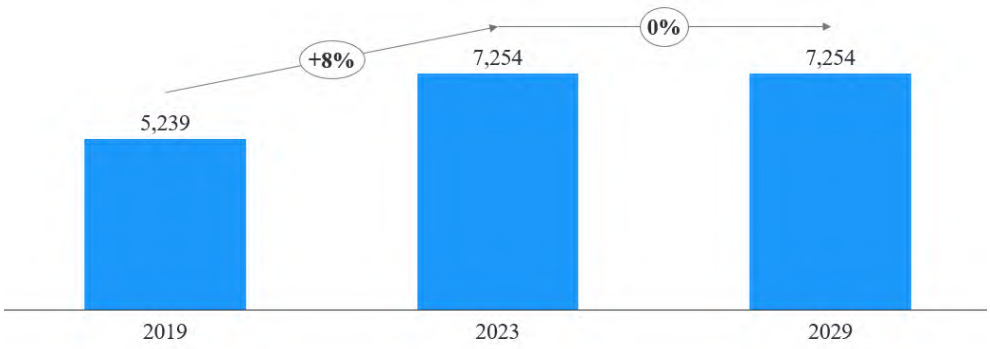
Global nuclear power turbine blades market (INR Mn) (2019-29)



Source – World Nuclear Association accessed January 2025, IAEA reports.
Note – 1 US$ = 85 INR is assumed for conversions

The diaphragm market for nuclear power plant turbines was valued at INR 5,239 Mn in 2019 and is projected to reach INR 7,254 Mn by 2029. Similar to the turbine market, the diaphragm market is influenced by the commissioning of new reactors and service demands. While 2029 is expected to see a muted demand, the period from 2025 to 2030 is anticipated to experience stronger growth compared to 2019-2023

Global nuclear power turbine diaphragm market (INR Mn) (2019-2029)

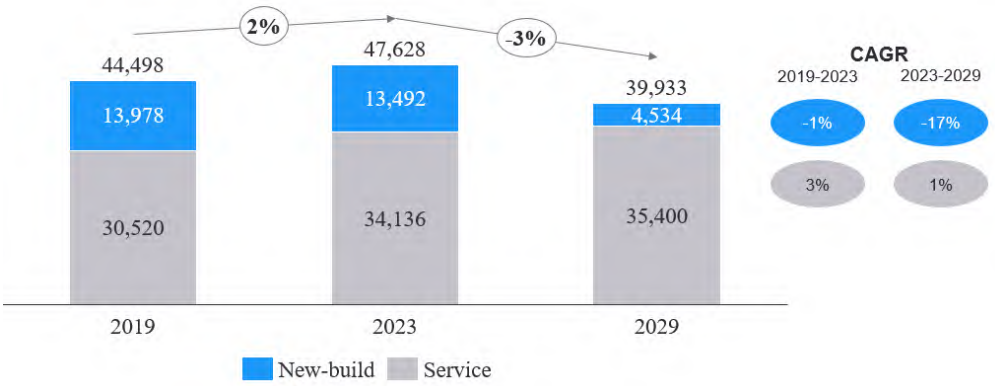


Source: World Nuclear Association accessed January 2025, IAEA reports
Note – 1 US$ = 85 INR is assumed for conversions

Global coal power turbine blades market

The global coal power turbine blades market in 2023 was INR 47,628 Mn & is expected to be INR 39,933 Mn by 2029. The overall capacity is expected to decrease from 2,243 GW in 2023 to 2,236 GW in 2030, leading to reduced demand in the new-build market. However, as aging coal plants require servicing, the service market is expected to stay flat and will account for the majority of the market by 2029.

Global coal power turbine blade market (INR Mn) (2019-29)



Source: IEA World Energy outlook dated October 2024, Global energy monitor July 2024.
Note: 1. The market forecast for coal power turbine components is based on the STEPS scenario of IEA; 1 US$ = 85 INR is assumed for conversions

The overall global coal power turbine market, including new blades and blades used in servicing existing turbines, has witnessed a modest growth over the years as new capacity additions of coal power generation plants has been reducing. This trend is expected to continue resulting in decline of market for blades for turbines for new coal plants. However, the market of blades for servicing turbines is expected to remain stable.

Newer materials require manufacturers and their vendors to make improvements in manufacturing processes and equipment to continue to remain in the market. One of the key trends in the steam turbine blades market is the ongoing pursuit of weight reduction of the turbine components. Lighter turbine blades offer several advantages, such improved turbine efficiency, reduced material costs, and relatively easier handling during maintenance and installation.

Advanced materials such as nickel based super alloys and new manufacturing processes are being explored by the manufactures to achieve this goal. While these new materials provide better temperature resistance (ability to maintain their mechanical properties at elevated temperatures of up to 1400 degree) and strength, their high cost remains a key challenge for a wide adoption.

Ceramic blades are also lighter and also eliminate the requirement for cooling system. However, these blades besides being more expensive and also brittle lengthening the period for the shift to happen.

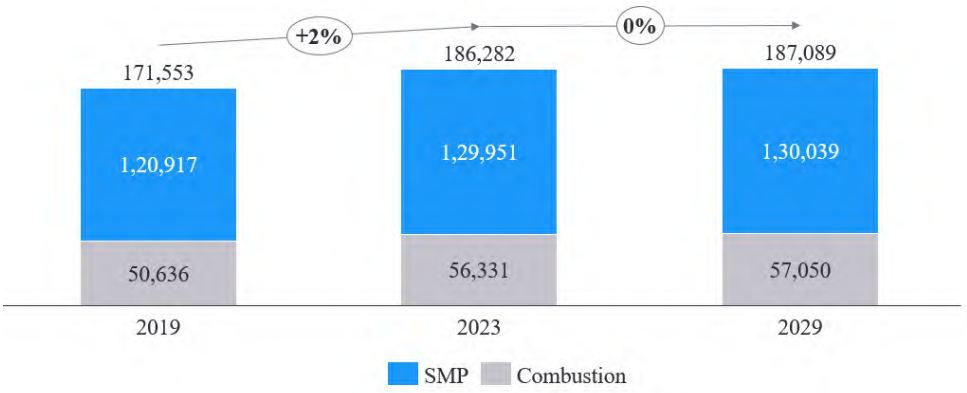
As per IEA, unabated coal accounted for 36% of total electricity generated in 2023. Energy crisis due to Russia-Ukraine war postponed the phase down of coal-fired power plants in many countries and they temporarily reopened decommissioned coal fired plants in order to reduce natural gas consumption and to meet energy demand. Although temporary, this trend has boosted to the coal fired plant generation and the demand for spares.

In 2023, 26 GW of coal-fired generation capacity was retired globally, with 88% of it in advanced economies. In contrast, 65 GW were added, primarily in emerging markets, with China accounting for 47 GW (73%) of these additions. It is expected that in the long term, coal-based power generation will reduce with higher usage of renewable sources of energy.

Power turbine components (non-blades) market & outlook

Apart from power turbine blades, the other relevant components of a turbine include Special Machined Parts (SMP) & Combustion chamber. The overall market for non-blade components for gas power turbines is INR 186,282 Mn in 2023 & is expected to be INR 187,089 Mn in 2029 .

Global gas power turbine components (non-blades) market (INR Mn) (2019-2029)

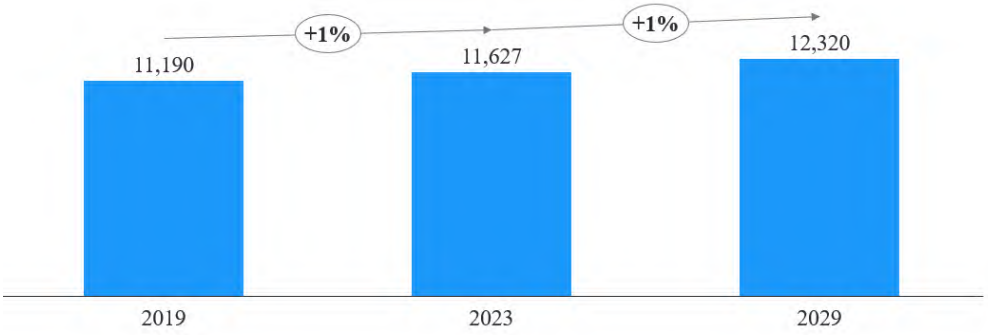


Source: IEA World Energy outlook dated October 2024, Global energy monitor July 2024.
Note: 1. The market is relevant to gas turbines only.
2. The market forecast for gas power turbine components is based on the STEPS scenario of IEA.

Industrial gas turbine blades market & outlook

The overall market for blades for industrial gas turbines is INR 11,627 Mn in 2023 & is expected to be INR 12,320 Mn in 2029 with an estimated CAGR of 1% in 2023-29.

Global industrial gas turbine blades market (INR Mn) (2019-2029)



Source: IEA World Energy outlook dated January 2025
Note: The market forecast for industrial gas turbine components is based on the STEPS scenario of IEA.

Competition landscape for energy turbine components

Industry structure

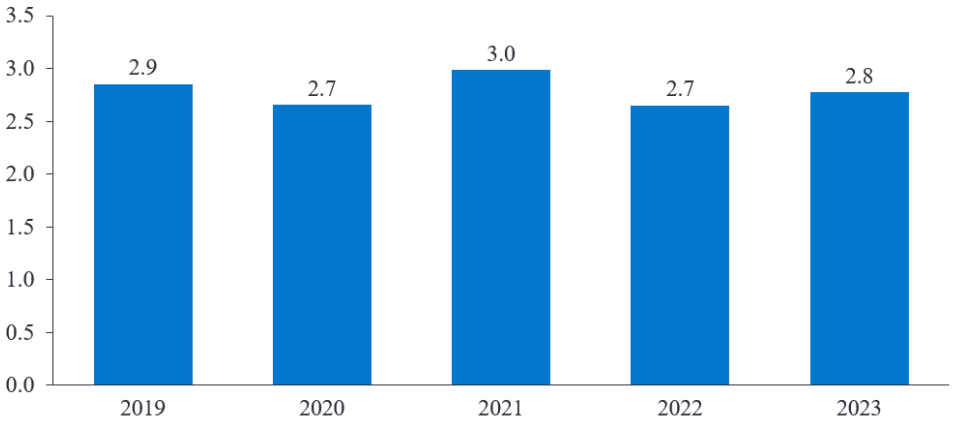
The turbine and its component manufacturing industry has a two-tiered structure where there are large players (OEMs) which are involved in research and development, design, manufacturing, and assembly of turbines. Then there are downstream manufacturing companies who have the capability of supplying a few critical components to the OEMs.

Global and Indian trade

Overall global exports

The global exports of turbine parts have fallen in the past few years along the share of fossil fuel-based power generation. In 2023, its global exports stood at US$ 2.8 Bn, which has reduced by ~33% since 2019.

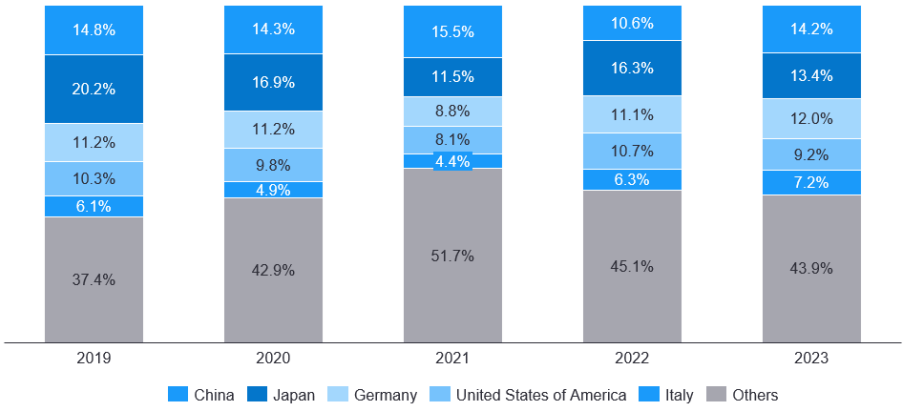
Global exports of turbine parts (US$ Bn) (2019-23)



Source – ITC trade map
Note –HS Code 84069 refers to "Parts of turbines" (As per Ministry of Corporate Affairs, MCA) Global data is being analyzed using CY data instead of FY data.

China, Japan and Germany have been a major exporters of turbine parts and contribute ~40% in the global exports while India's share of global exports in turbine parts stood at ~3% in 2023.

Top 5 countries exporting turbine parts (US$ Bn) (2019-23)

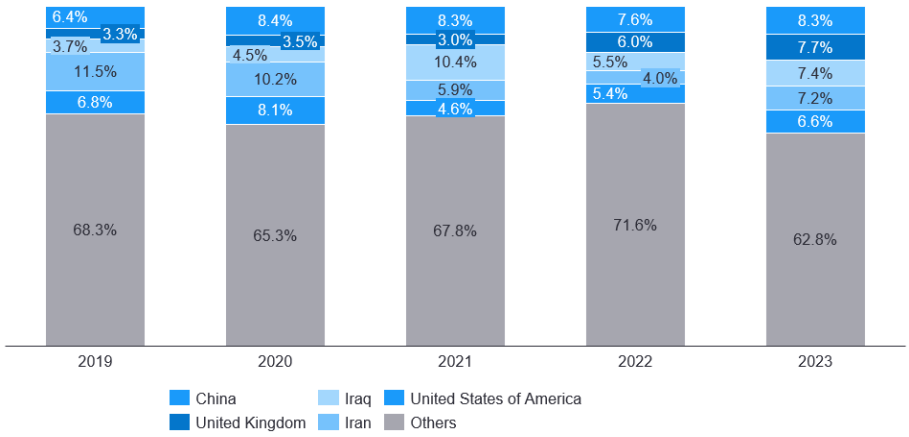


Source – ITC trade map
Note - HS Code 84069 refers to "Parts of turbines" (As per Ministry of Corporate Affairs, MCA) Global data is being analyzed using CY data instead of FY data.

Global trade by importing countries

China, Iraq, US, UK & Iran have been a significant importers of turbine parts accounting for a third of global imports in 2023. India share of imports by value has hovered around 3-5% of the total imports in the last 5 years.

Top 5 nations importing turbine parts (US$ Bn) (2019-23)

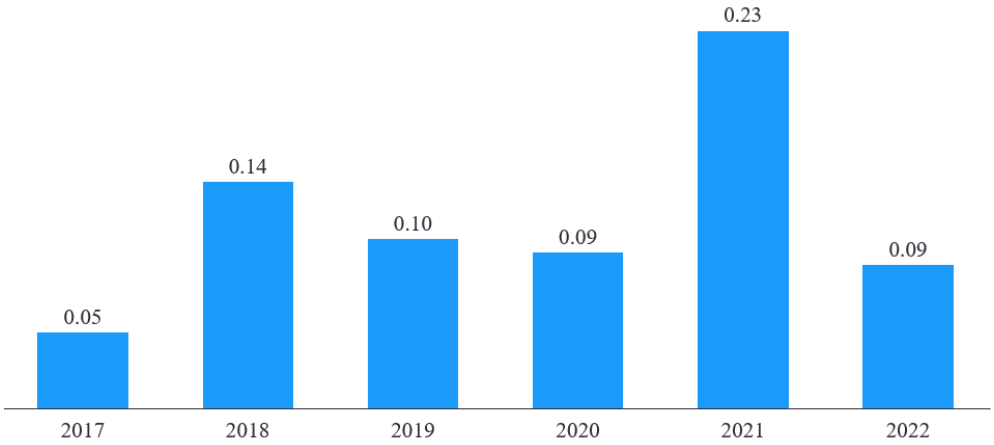


Source – ITC trade map
Note –HS Code 84069 refers to "Parts of turbines" (As per Ministry of Corporate Affairs, MCA). Global data is being analyzed using CY data instead of FY data.

Exports from India

India's export of turbine components was around US$ 86.8 Mn in 2023. It is in line with the amount exported in the previous years (2017-2020). USA and Japan continued to be the top destinations for Indian turbines in 2023.

Turbine parts exports from India (US$ Bn) (2017-22)



Source – ITC trade map
Note – HS Code 84069 refers to "Parts of turbines" (As per Ministry of Corporate Affairs, MCA). For the purpose of comparing with global trade, we have used calendar year for India trade data.

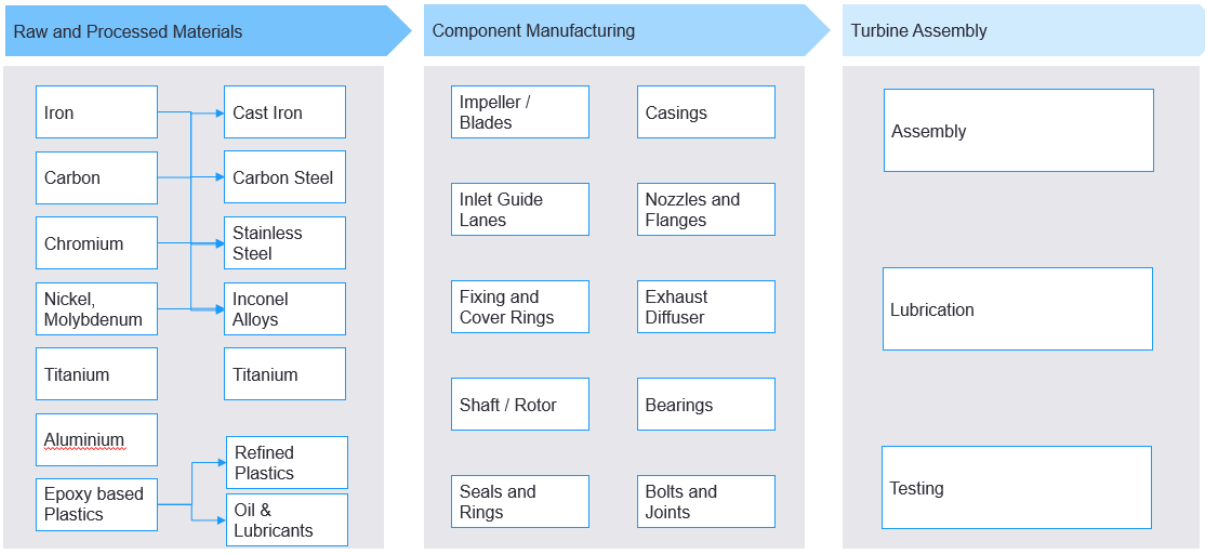
Turbine manufacturing value chain can be broadly divided into three parts:

1. Suppliers of raw and processed materials
2. Component manufacturers
3. Turbine assembly

Companies operating within the turbine assembly segment of the value chain play a crucial role in delivering the end product to customers, namely power plants. In addition to assembling the turbines, these companies have expertise in design, research, and development, as well as manufacturing. But they also outsource part of their manufacturing processes to machining and manufacturing firms, which provide the necessary turbine components based on specific requirements.

Both, downstream manufacturing players and turbine manufacturers have their respective supply chains through which they acquire raw materials and processed materials from various sources.

Turbine manufacturing Industry Value-Chain



Source: Global Value Chain and Manufacturing Analysis on Power Plant Turbines, NREL
Note: Examples in the raw and processed materials, components and turbine assembly are not exhaustive

Key players manufacturing turbine components

There are several players in the BTG (Boiler, Turbine and Generator) equipment space, catering to the needs of the power plants in the country. Several private companies have entered this space by partnering with domestic companies. Many of these companies / JVs have either developed an integrated facility capable of manufacturing a number of components that goes into a turbine, or they assemble a turbine by outsourcing parts like blades, rotor casing, and other components.

Some of the prominent players operating in the domestic BTG equipment industry are - L&T MHI Power Turbine Generators Pvt. Ltd., Triveni Turbines Ltd., and others. Some of these manufactures blade inhouse, while others only design and outsource the manufacturing part.

Prominent domestic and global BTG equipment players which hold the capability of manufacturing turbine blades include –

Azad Engineering Ltd.:

Azad Engineering Ltd. started its core manufacturing in 2008 and is a player in the energy turbine and aerospace & defence components market. It is also a manufacturer of oil & gas components. In energy turbine sector, the company produces rotors and blades for gas turbines and moving and guide blades for variety of steam turbines. The company has high-precision manufacturing ability and caters to prominent OEMs in the energy sector. The company's manufacturing infrastructure comprises five facilities in India, at Hyderabad with a total manufacturing area of ~32,000 sq. meters.

Details of other players

The details about other key players manufacturing turbine components are mentioned below.

Details of key players manufacturing turbine components

Players	Key products	Key services	Manufacturing locations	Markets served
L&T MHI Power Turbine Generators Pvt. Ltd.	• Steam turbines • Generators	• Engineering consulting • Equipment maintenance • Technical support	India	Domestic (India) & export
Triveni Turbines Ltd.	• Steam turbines	• Installation • Maintenance support • Complete plant service across plant island & balance of plant	India	Domestic (India) & export
SIFCO Industries Inc.	• Steam turbines • Gas turbines • Discs, shafts & gears • Blades and vanes	• Turbine repair & maintenance service • Digital plant support solutions	USA, Italy	Domestic (USA / Italy) & export
Pietro Rosa TBM	• Airfoils for jet engine, gas turbine & steam turbine • Engine mounts • A-frame	• Engineering and design services	USA, Italy	Domestic (USA / Italy) & export

Source: Company websites
Note: *SIFCO Industries Inc.* acquired Italy-based *C*Blade S.p.a.*, which also has capabilities in steam and gas turbines and aerospace parts in 2015

Operational benchmarking of key players

Value chain presence

As mentioned in the previous section, players operating in the assembly segment of the value chain have the manufacturing expertise along with the designing and R&D capability. Part of their manufacturing work is outsourced to smaller companies who hold the manufacturing capability and can provide critical components, as per specific design and requirement.

Value chain presence of key players

	Component Manufacturer	Final turbine assembly
Azad Engineering Ltd.	✓	✗
L&T MHI Power Turbine Generators Pvt. Ltd. (OEM)	✓	✓
Triveni Turbines Ltd. (OEM)	✓	✓
SIFCO Industries Inc.	✓	✗
Pietro Rosa TBM	✓	✗

Source – Company websites

Segmental presence of various players

Most players are focused on coal and gas power plants, with many specializing in both steam and gas turbines. However, some players focus exclusively on one of these technologies. These companies manufacture various components such as turbine blades, fasteners, nozzles, and other crucial parts.

Segmental presence of various players

Company name	Sectors served	Specialization in turbine type	Components manufactured
Azad Engineering Ltd.	Coal, Gas, Nuclear	Gas + Steam Turbines	Blades, fasteners, other hardware
L&T MHI Power Turbine Generators Pvt. Ltd.	Coal and Gas	Steam Turbine	Blade, Stator/Rotor Coil
Triveni Turbines Ltd.	IPP, CPP	Steam Turbine	Casings, rotors, blades, labyrinth packing, oil seal holders
SIFCO Industries Inc.	Coal and Gas	Gas + Steam Turbines	Turbine Blades, Vanes, Shafts
Pietro Rosa TBM	Coal and Gas	Gas + Steam Turbines	Airfoils

Source – Company websites
Note: IPP and CPP refers to Independent Power Producer and Captive Power Plant, respectively.

Financial benchmarking of key players

Revenue comparison of key players

Azad engineering Ltd. is one of the fastest growing manufacturers amongst the competitors listed below.

Revenue comparison of competitors 2020-2025 H1 *(INR Mn.), CAGR (2020-24)*

Company	2020	2021	2022	2023	2024	2025 H1	CAGR
Triveni Turbines Ltd.	8,325	7,217	8,817	12,902	17,162	10,034	19.8%
SIFCO Industries Inc.	9,355	8,203	6,911	5,442	6,559	-	-8.5%
L&T MHI Power Turbine Generators Pvt. Ltd.	8,411	7,620	6,249	3,612	-	-	-24.6%
Pietro Rosa TBM	-	4,347	5,384	6,450	-	-	21.8%
Azad Engineering Ltd.	1,235	1,250	1,993	2,615	3,728	2,121	31.8%
C*Blade S.p.a	8,325	1,409	1,359	-	-	-	-

Source – Financials reports published in MCA, Company annual reports, SEC filings, Italian business register.
Note: 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
2. For Foreign Players, figures are converted using latest conversion rates
*3. For SIFCO Industries Inc. and C*Blade S.p.a., financials are for year ending Sept and for Pietro Rosa TBM, financials are for year ending Dec.*
4. CAGR between 2020 – 23 is considered for L&T MHI Power Turbine Generators due to lack of 2024 financial data, CAGR of 2021 – 23 is considered for Pietro Rosa TBM

Comparison of EBITDA margin of key players

All Indian players are found to have a positive EBITDA margin. Azad Engineering Ltd.'s EBITDA margin stood at ~40% in FY24 which is one of the highest margins compared to the competitors listed below.

EBITDA margin comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Triveni Turbines Ltd.	20.5%	23.1%	21.8%	21.4%	22.2%	24.5%
SIFCO Industries Inc.	10.0%	-0.3%	-10.4%	-14.3%	-6.9%	-
L&T MHI Power Turbine Generators Pvt. Ltd.	21.6%	16.4%	17.5%	13.3%	-	-
Pietro Rosa TBM	-	0.1%	2.4%	6.8%	-	-
Azad Engineering Ltd.	34.7%	24.4%	33.7%	31.4%	39.9%	35.4%
C*Blade S.p.a	-	7.8%	-4.1%	-	-	-

Source – Financials reports published in MCA, Company annual reports, SEC filings, Italian business register.
Note: 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
*2. For SIFCO Industries Inc. and C*Blade S.p.a., financials are for year ending Sept and for Pietro Rosa TBM, financials are for year ending Dec.*

Comparison of PAT margin of key players

Azad Engineering Ltd. and Triveni Turbines Ltd. have had consistently positive net profit margins.

PAT margin comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Triveni Turbines Ltd.	13.5%	16.8%	8.2%	14.9%	15.7%	17.0%
SIFCO Industries Inc.	8.1%	-0.7%	-11.5%	-13.2%	-6.8%	-
L&T MHI Power Turbine Generators Pvt. Ltd.	5.8%	4.7%	1.6%	-14.7%	-	-
Pietro Rosa TBM	-	-2.7%	-0.7%	-4.0%	-	-
Azad Engineering Ltd.	17.1%	9.2%	14.8%	3.2%	15.7%	17.9%
C*Blade S.p.a	-	1.9%	-10.4%	-	-	-

Source – Financials reports published in MCA, Company annual reports, SEC filings Italian business register.
Note: 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
*2. For SIFCO Industries Inc. and C*Blade S.p.a., financials are for year ending Sept and for Pietro Rosa TBM, financials are for year ending Dec.*

Comparison of ROCE of key players

Return on Capital Employed for Azad Engineering Ltd. was 18% in 2024.

ROCE comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Triveni Turbines Ltd.	27.4%	22.6%	19.8%	33.0%	36.6%	20.8%
SIFCO Industries Inc.	12.5%	-1.8%	-14.0%	-17.3%	-10.9%	-
L&T MHI Power Turbine Generators Pvt. Ltd.	11.8%	10.6%	6.4%	0.1%	-	-
Azad Engineering Ltd.	29.4%	15.0%	21.0%	14.9%	18.3%	7.6%

Source – Financials reports published in MCA, Company annual reports, SEC filings.
Note: 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
*2. For SIFCO Industries Inc. and C*Blade S.p.a., financials are for year ending Sept and for Pietro Rosa TBM, financials are for year ending Dec.*

Comparison of P/E ratio of key players

P/E ratio for Triveni Turbines was 63.4x as on Mar 2024.

P/E ratio comparison of competitors 2020-2024

Company	2020	2021	2022	2023	2024
Triveni Turbines Ltd.	14.9	32.1	24.2	55.9	63.4
SIFCO Industries Inc.	2.3	-	-	-	-
Azad Engineering Ltd.	-	-	-	-	121.8

Source – Financials reports published in MCA, Company annual reports, SEC filings, BSE India, Nasdaq
Note: 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
*2. For SIFCO Industries Inc. and C*Blade S.p.a., financials are for year ending Sept and for Pietro Rosa TBM, financials are for year ending Dec.*
3. Closing price of last trading day of relevant month is considered for calculation of P/E ratio
4. P/E ratio of 2025 H1 is not included as annualized earnings are not available
5. P/E ratio for SIFCO Industries (2021-24) and) is negative due to negative earnings.

Comparison of P/B ratio of key players

P/B ratio of Triveni turbines was 17.8x as of Mar 2024.

P/B ratio comparison of competitors 2020-2024

Company	2020	2021	2022	2023	2024
Triveni Turbines Ltd.	3.4	5.2	7.6	14.1	17.8
SIFCO Industries Inc.	0.5	1.0	0.4	0.6	0.9
Azad Engineering Ltd.	-	-	-	-	12.5

Source – Financials reports published in MCA, Company annual reports, SEC filings, BSE India, Nasdaq
Note: 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
*2. For SIFCO Industries Inc. and C*Blade S.p.a., financials are for year ending Sept and for Pietro Rosa TBM, financials are for year ending Dec.*
3. Closing price of last trading day of relevant month is considered for calculation of P/B ratio

Key success factors in the industry

Key success factors in the industry include –

1. ***Quality of products*** – As the products go into super critical and expensive end use applications, the products are of the highest quality and quality assurance are critical with "zero parts per million" defects requirement. Superior manufacturing demands a unique blend of expertise, innovation, quality, and advanced safety controls in the industry which cannot be obtained by only installing CNC machines.

2. ***Pricing*** - Outsourcing by OEMs is primarily driven by the potential for cost saving; Indian players are 20-30% cheaper compared to European players.

3. ***Adherence to delivery timelines*** - OEMs face the risk of penalties from end customers for delay in adhering to service and order timelines; they in turn require vendors to deliver on schedule and quality.

4. ***Geographic Location*** – Geo-political risks associated with supplier locations are closely monitored by the OEMs. Locations with low geopolitical risk are preferred for developing a supplier base, and India is increasingly being considered a strategic procurement destination by OEMs.

5. ***Scale of Operations*** - OEMs prefer to work with suppliers capable of scaling over time, aiming for consolidation in the supplier base with a reasonable share diverted towards each supplier.

Additionally, the industry has a significant entry barrier due to a lengthy qualification process for the energy components due to criticality of components. The vendors must go through separate qualification process for each component that they supply. The qualification process for a new vendor is stringent and includes multiple steps mentioned below –

1. Identification and understanding the vendor.

2. Assessment and audit of the technical capabilities for the vendor

3. RFQ and negotiations

4. Vendor registration

5. Evaluation and test of the product qualifications

6. Final contract and negotiations

7. PO for product supply

This entire process is time intensive and often takes more than 15 months to qualify as a supplier during which the vendor is evaluated by the OEM. This is in addition to the time taken for set-up of manufacturing infrastructure and facilities.

Once a contract is awarded by an OEM to a supplier for a critical component, the OEM and the supplier typically spend significant amount of time and capital on design, manufacturing, first article inspection (FAI), testing & certifications for product specific equipment such as tooling. Any new supplier will need to undergo the same process. OEMs are reluctant to switch suppliers as there are high switching costs unless the current suppliers are unable to meet the requirements on quality, cost, or delivery.

Comparison of Indian, Chinese, and other global players

Chinese and Indian players possess a competitive advantage due to the lower labor costs in these countries when compared to OECD countries. The attractiveness of China has reduced due to growing geopolitical tensions and also rising labour costs. Products that have significant IP may also be at risk as the US restricts such IP from being transferred. Azad Engineering Limited already competes with Chinese, European, and other global competitors in this segment. Now with the U.S. imposing an additional 10% tariff on all imports from China, effective February 4, 2025, across all product categories without specific exclusions, this will put further cost pressure on Chinese suppliers, potentially providing an advantage to Indian manufacturers.

AEROSPACE AND DEFENCE COMPONENTS

Market review and Outlook

Key customers in aerospace and defence

Based on the analysis of market share of US based commercial aircraft & engine manufacturer, The Boeing Company & GE Aerospace are the largest players that emerge out of the segment. Amongst suppliers, Eaton Corporation Plc is supplier of high-pressure main engine fuel pumps and related components to engine manufacturers such as GE Aerospace. Similarly, Honeywell International Inc.is a key supplier to The Boeing Company, Honeywell International Inc. is also expanding its capacity to cater to the growing demand from players like The Boeing Company, due to ongoing fleet expansion worldwide. In the Indian aircraft market, Hindustan Aeronautics Limited (HAL) is the sole player that designs & manufactures aircrafts, hence it is considered as a key customer in the addressable market.

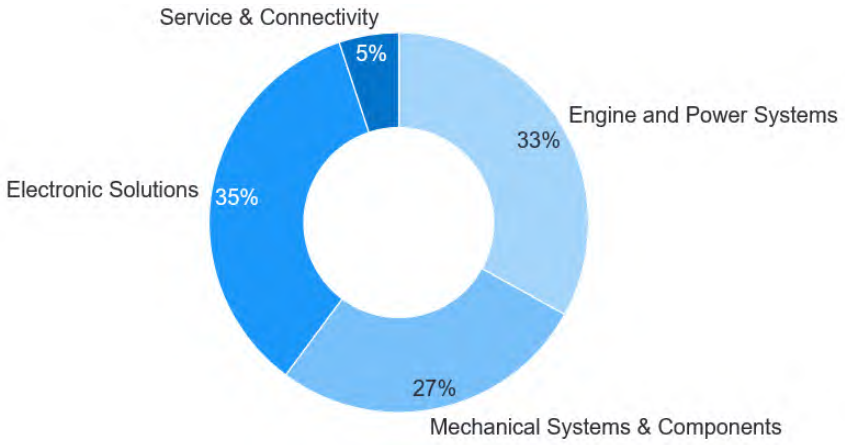
Honeywell International Inc.:

Overall revenue for Honeywell International Inc. (2019-23)

In US$ Bn	2019	2020	2021	2022	2023
Overall aerospace	14.1	11.5	11.0	11.8	13.6

Source: Annual report

Segment revenue for Honeywell International Inc. (2022) – (%)



Source: Investor Presentation for Honeywell International Inc. 2022

Relevant offering: Relevant offering for Honeywell International Inc. is Electronic Solutions (ES), Engine and Power Systems (EPS) & Mechanical Systems & Components (MCS) and Service & Connectivity. Service & Connectivity is excluded since it includes data analytics-based service.

GE Aerospace:

Revenue by segment for GE Aerospace (2019-23)

In US$ Bn	2019	2020	2021	2022	2023
Overall aerospace	32.8	22.0	21.3	26.1	31.8
Commercial engines & services	24.2	13.0	14.4	18.7	23.7
Military	4.3	4.5	4.1	4.4	4.7
Systems & others	4.2	4.5	2.8	3.0	3.4

Source: Company annual report

***Relevant offering*:** Commercial engines & services is relevant offering. Defence business has higher entry barriers and is largely outsourced to US vendors due to confidentiality challenges.

Eaton Corporation Plc:

Revenue by segment for Eaton Corporation Plc (2018-22)

In US$ Bn	2019	2020	2021	2022	2023
Overall aerospace	2.5	2.2	2.6	3.0	3.4

Source: Company annual report

***Relevant offering*:** For Eaton Corporation Plc, defence may not be considered as a relevant offering with major focus on commercial.

The Boeing Company:

Revenue by segment for The Boeing Company (2019-23)

In US$ Bn	2019	2020	2021	2022	2023
Overall aerospace	76.9	58	62.3	66.6	77.8
Commercial airplanes	32.3	16.2	19.5	26.0	33.9
Defence, space & security	26.1	26.3	26.5	23.2	24.9
Global services	18.5	15.5	16.3	17.6	19.1

Source: Company annual report

***Relevant offering*:** Commercial Airplanes & Global Services are relevant offerings. First gaining the market of Global services & later moving to Commercial Airplanes. Defence market may not be addressable for upcoming 5-6 years.

Hindustan Aeronautics Limited (HAL):

Revenue by segment for HAL (FY20-24)

In US$ Bn	FY20	FY21	FY22	FY23	FY24
Overall	2.50	2.65	2.87	3.10	3.31
Manufacturing	1.00	1.01	0.87	0.56	0.64
ROH & Spares	1.37	1.47	1.83	2.21	2.36
Development & Others	0.10	0.15	0.15	0.30	0.28
Exports	0.02	0.03	0.02	0.03	0.04

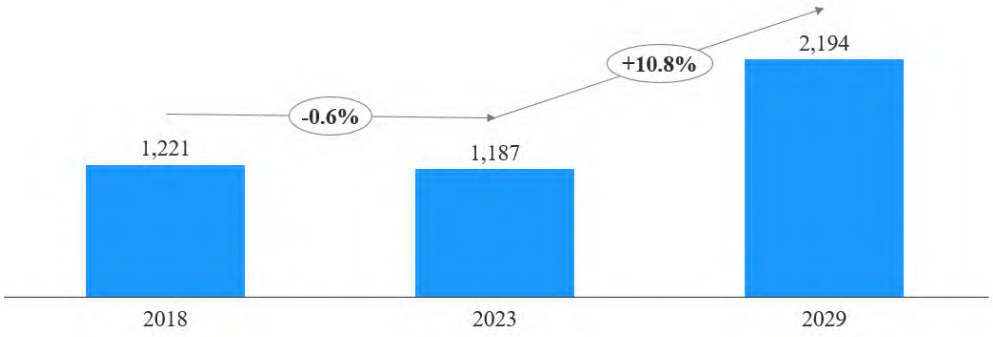
Source: Company annual report

Relevant offering: Manufacturing, ROH & Spares & Exports are relevant offerings which Azad Engineering Ltd. can address.

Overall market size for the components for the above customers

The addressable market for aerospace and defence is INR 1,187k Mn in 2023 & is expected to go up to INR 2,194k Mn by 2029.

Addressable market for aerospace & defence components (in INR'000 Mn) (2019-29)



Source: Company annual reports
Note: The market includes the market for five key players: Eaton Corporation Plc, The Boeing Company, Honeywell International Inc., GE Aerospace & HAL ; 1 US$ = 85 INR assumed for conversion

GE Aerospace is the player with the largest addressable market size, followed by The Boeing Company & HAL.

Aircraft manufacturing involves machining to ensure components meet precise design specifications. Machining enables the creation of complex shapes and dimensions essential for aircraft performance and safety. Some of the parts of an aircraft that need machining include:

1. Engine
2. Avionics
3. Sensors
4. Seating
5. Connectors
6. Airframe

Forging involves process of putting pressure over metal by using some external force such as hammer. There are multiple components of an aircraft that require forging. Some of these components are:

1. Engine discs
2. Components of a wing
3. Undercarriage components
4. Air fuselage.

It has been observed that in the last few years air travel has increased significantly, with projections of it going further up. The market for aerospace components is contingent on several factors:

1. ***Increasing demand for commercial aircrafts****:* The demand for commercial aircrafts is increasing, driven by higher demand from countries like India.
2. ***Rise in defence spending****:* Globally the defence spending is expected to go up. With ongoing modernization of defence equipment, the demand of more advanced & powerful military aircrafts is expected to go up.
3. ***Technological advancements****:* Global trends such as higher fuel efficiency, next generation engines and advanced materials are opening avenues for R&D for component suppliers.

While there are drivers that push the demand for the aerospace components some of the risk factors are:

1. ***Supply-chain disruptions***: The aerospace industry relied on a network of suppliers across the globes to meet its component and material requirements. Any disruption in the supply of critical materials or intermediates can create bottlenecks, affecting production timelines and component manufacturers' business.

2. ***Usage of advanced materials****:* Continuous push for lighter aircrafts and engines with greater fuel efficiency have resulted in technological advancements where either newer material are being used or newer manufacturing techniques are being adopted.

3. ***Increasing competition & high development costs****:* Aircraft manufacturing is largely a duopoly of Airbus and Boeing limiting supplier bargaining power. Also, the development costs are very high in the aerospace industry due to stringent quality checks & the certifications that are required to qualify as a supplier.

Competition landscape for A&D components market

Industry structure

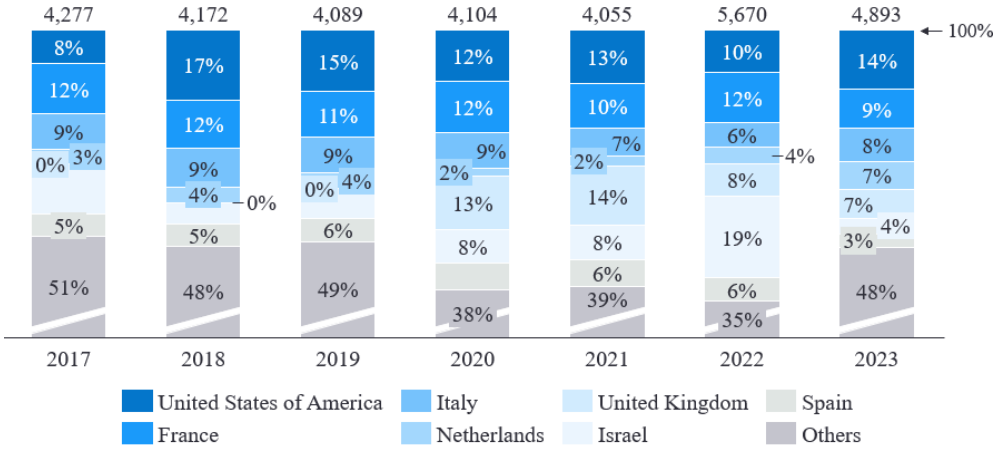
The Aerospace and defence component industry is fragmented and there are a many small and medium sized players catering to Tier 1 manufacturers who further supply to OEMs like Airbus SE and The Boeing Company. The OEMs are smaller in number and the value chain funnel from Tier 2 to Tier 1 to OEM becomes even more narrow.

Global and Indian trade

Overall global exports

The total exports remained flat around US$ 4 Bn mark during 20217 to 2021 but increased to US$ 5.7 bn in 2022 and normalized to US$ 4.9 bn in 2023. USA and France occupy the top spots in exports and make up around 25% of global exports over last 5 years. India contributes to about 3% of the total exports in 2023. Below is the export share breakup of countries for HS code: 880390 (till 2021) and 880790 (post 2022 reclassification) which refers to “parts of aircraft and spacecraft, n.e.s.”.

Overall global exports at HS code 880790 (US$ Mn), (2017-23)

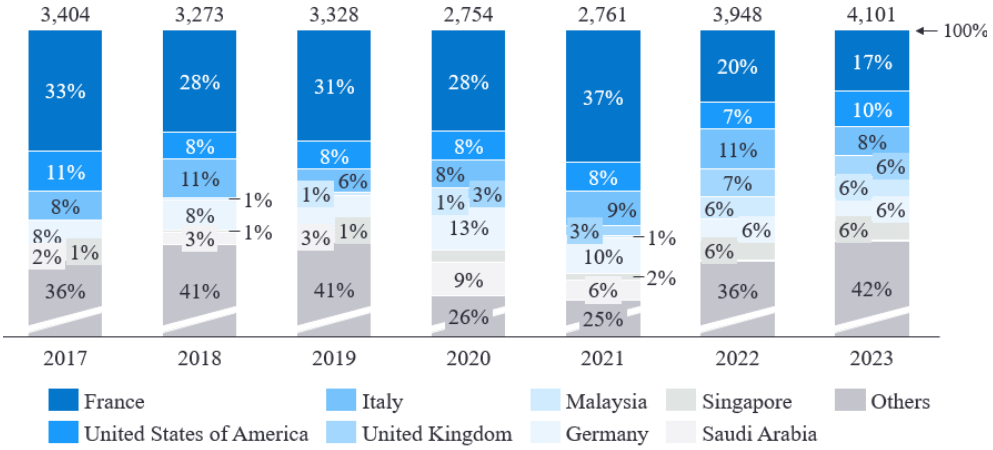


Source: ITC trade map
Note: The import data is specific for the HS code 880390 till 2021 and 880790 for year 2022 and 2023 due to reclassification of “parts of aircraft and spacecraft, n.e.s.”. Global data is being analyzed using CY data instead of FY data.

Overall global imports

Over the last 5 years, France makes up ~19% of global imports with Germany, USA and Italy making up for 6% each. The primary reason for this is that major assembly lines for aerospace (such as Airbus SE, Thales Group, Safran S.A., Dassault Aviation S.A. etc.) are located in France. Below is the import share breakup of countries for HS code: 880370 (till 2021) and 880790 (post 2022 reclassification) which refers to “parts of aircraft and spacecraft, n.e.s.”..

Overall global imports at HS code 880790 (US$ Mn), (2017-23)

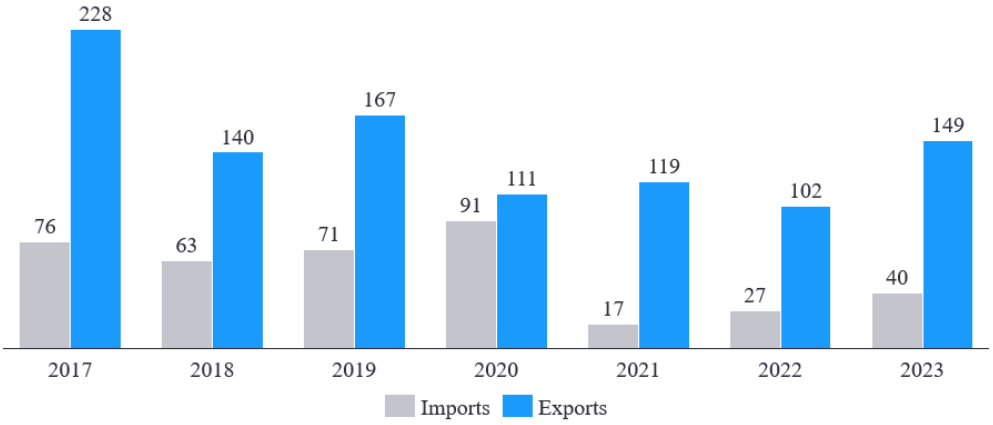


Source: ITC trade map
Note: The import data is specific for the HS code 880390 till 2021 and 880790 for year 2022 and 2023 due to reclassification of "parts of aircraft and spacecraft, n.e.s.". Global data is being analyzed using CY data instead of FY data..

India's exports and imports

Exports declined in 2018 due to decline in export of high value products. Post that exports declined in 2020 due to decline in orders of The Boeing Company & Airbus SE driven by decline in demand due to the pandemic. However, the imports have witnessed increase in 2023. As per Union Defence Ministry, India's defence exports reached INR 210.8 Bn in Fiscal 2024 up from INR 159.2 Bn in Fiscal 2023 which is the highest ever for the country. Below are the imports and exports from India for HS code: 880390 (till 2021) and 880790 (post 2022 reclassification) which refers to "parts of aircraft and spacecraft, n.e.s.”..

India's exports and imports at HS code 880790 (US$ Mn), (2017-23)

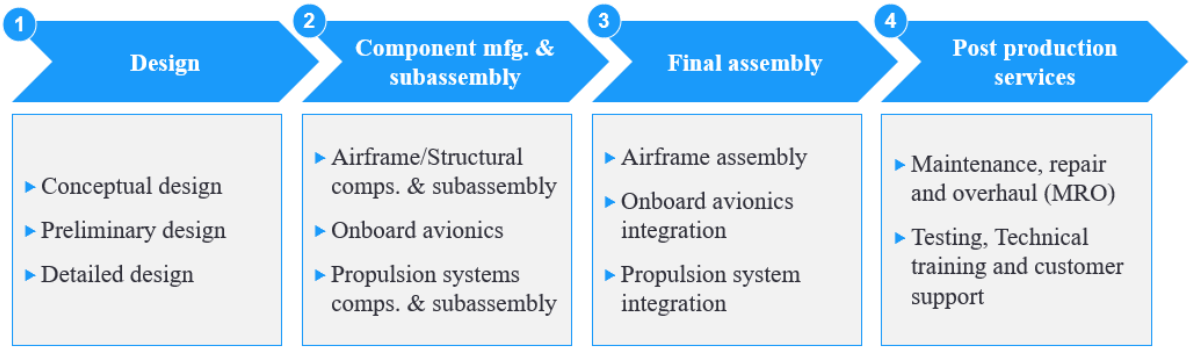


Source: ITC trade map
Note: The import data is specific for the HS code 880390 till 2021 and 880790 for year 2022 and 2023 due to reclassification of "parts of aircraft and spacecraft, n.e.s.". Global data is being analyzed using CY data instead of FY data..

Value chain for the A&D components market

The value chain for manufacturing of A&D components has four key steps. Starting from the design, then component manufacturing and subassembly of systems, then final assembly of the particular part and then postproduction services. The final aircraft assembly is only done by OEMs like The Boeing Company and Airbus SE and a tier 1 player does assembly of the particular part (propulsions system, lavatories etc.). On the other hand, a tier 2 supplier primarily supplies subassemblies and components (e.g., blades, fasteners, engine parts etc.) which are then integrated into the final assemblies (propulsions system, lavatories etc.).

A&D manufacturing value chain



Source: Research gate
Note: This excludes final aircraft assembly which is done by OEMs (such as The Boeing Company, Airbus SE) only.

Key players manufacturing A&D components

Azad Engineering Ltd.:

Azad Engineering Ltd. started its core manufacturing in 2008 and is a manufacturer in the aerospace & defence and energy turbine components. It is also a manufacturer of oilfield drilling equipment. The company manufactures high precision components for A&D industry.

Details of other players

The details about other key players manufacturing A&D components are mentioned below.

Details of key players manufacturing A&D components

Players	Key products	Key services	Manufacturing locations	Markets served
Dynamatic Technologies Ltd.	• Wing & Rear Fuselage • Ailerons & wing flaps • Airframe structures	• Designing & manufacturing • Precision machining • Aerospace fabrication	India	Domestic (India) & export
Maini Precision Products Ltd.	• Aerospace engine parts • Aerospace structures • Aerospace systems • Clean powertrain	• Designing & testing • End to end machining & casting processes • Export packaging & warehousing	India, UK	Domestic (India) & export
MTAR Technologies Ltd.	• Nuclear assemblies • Space vehicle engines • Clean energy units	• CNC machining • Quality, testing & control • Assembly services	India	Domestic (India) & export
Paras Defence & Space Technologies Ltd.	• Defence & space optics • Aerospace communication systems • Avionic suites	• Heavy engineering & precision manufacturing • Embedded software development • System engineering design	India	Domestic (India) & export
International Aerospace Manufacturing Pvt. Ltd.	• Aeroengine compressor • Gas turbine parts • Compressor casings, housings, rings & other parts	• Machining • Metal spray, blasting & painting • Advanced manufacturing using AI	India	Domestic (India) & export
Mecachrome SAS	• Aerostructures • Subassemblies for helicopters, fighter planes, jets & aircrafts • Assemblies for aircraft engines • Engine drive shaft mechanism for helicopters	• Machining • Sheet metal working • Assembly of work packages • Digitalization using AI to improve the cost of lifecycle of products for customers	France	Domestic (France) & export
Jamco Corporation	• Aircraft components • Jet engine parts • Aircraft interiors	• Design, assembly & supply • Maintenance, repair & overhaul (MRO)	Japan	Domestic (Japan) & export
Wuxi Turbine Blade Co., Ltd. (WTB)	• Compressor blades • Disks and shafts • Structural parts	• Machining & forging • Non-destructive testing • Special processes	China	-

Players	Key products	Key services	Manufacturing locations	Markets served
Aero Engine Corporation of China (AECC)	• Aerospace engine parts • Turbofan engines • Turboprop engines • Turboshaft engines	• Design, assembly, integration & supply • Testing • Maintenance	China	Domestic (China) & export
Shanghai Prime Machinery Company Ltd.	• Fasteners • Bolts & rods • Special parts • Nuts & screws, socket cap screws	• Design & manufacturing • Surface plating	China	Domestic (China)

Source: Company websites
Note: Information for markets served by Wuxi Turbine Blade Co., Ltd. (WTB) is not available

Operational benchmarking of key players

Value chain presence of players

Almost all of the players are present in the component manufacturing and sub-assembly whereas only large players have integrated and provide design and final assembly as well.

Value chain presence of players

	Production			Post production services
	Design	Component manufacturing	Assembly	
Azad Engineering Ltd.		✓	✓	
Dynamatic Technologies Ltd.	✓	✓	✓	✓
Maini Precision Products Ltd.	✓	✓	✓	✓
MTAR Technologies Ltd.	✓	✓	✓	
Paras Defence & Space Technologies Ltd.	✓	✓	✓	
Aero Engine Corporation of China (AECC)	✓	✓	✓	✓
International Aerospace Manufacturing Pvt. Ltd.		✓	✓	
Jamco Corporation	✓	✓	✓	✓
Mecachrome SAS		✓	✓	✓
Shanghai Prime Machinery Company Ltd.	✓	✓		
Wuxi Turbine Blade Co., Ltd. (WTB)		✓		

Source: Company websites
Note: 1. Post-production services typically include maintenance repair and overhaul (MRO). Testing is a critical part of production process and hence is not included within post-production services. 2. This excludes final aircraft assembly which is done by OEMs (such as The Boeing Company, Airbus SE) only.
Azad Engineering program for ATGG engines
Azad Engineering is developing the Advanced Turbo Gas Generator (ATGG) under a contract with the Gas Turbine Research Establishment (GTRE), a division of DRDO. According to IDRW publication, this single-spool turbojet engine is designed to power the Medium-Range Anti-Ship Missile and the engine is equipped to improve propulsion efficiency. Beyond missile applications, the ATGG is expected to be suitable for UAVs, drones, and other aerospace platforms.

Segmental presence of players

While most players only focus on machined components, a few players offer forgings and casting services as well. Within machined engine parts, the most common offering are blades. Other parts include landing gear, wire harnesses systems and other assemblies.

Segmental presence of players

	Aero structures	Machined engine parts	Other machined parts	Others
Azad Engineering Ltd.		✓	✓	✓
Dynamatic Technologies Ltd.	✓		✓	
Maini Precision Products Ltd.	✓	✓	✓	✓
MTAR Technologies Ltd.	✓	✓	✓	✓
Paras Defence & Space Technologies Ltd.	✓		✓	✓
Aero Engine Corporation of China (AECC)		✓		
International Aerospace Manufacturing Pvt. Ltd.		✓		
Jamco Corporation		✓		✓
Mecachrome SAS	✓	✓	✓	
Shanghai Prime Machinery Company Ltd.			✓	
Wuxi Turbine Blade Co., Ltd. (WTB)	✓	✓	✓	✓

Source: Company websites

Note: Other machined parts include machined components such as flanges, bushings etc. Other parts include landing gear, wire harnesses systems & other assemblies.

Financial benchmarking of key players

Revenue comparison of the key players

Presently global players are operating at much larger scale but have been stagnant in terms of growth.

Revenue comparison of competitors 2020-2025 H1 (INR Mn), CAGR (2020-2024)

Company	2020	2021	2022	2023	2024	2025 H1	CAGR
Jamco Corporation	54,006	29,534	23,056	27,863	37,760	21,527	-8.6%
Dynamatic Technologies Ltd.	13,343	11,243	12,616	13,255	14,722	7,182	2.5%
Maini Precision Products Ltd.	5,841	4,368	6,270	8,413	9,348	-	12.5%
MTAR Technologies Ltd.	2,181	2,477	3,308	5,932	5,866	3,204	28.1%
Azad Engineering Ltd.	1,235	1,250	1,993	2,615	3,728	2,121	31.8%
Paras Defence & Space Technologies Ltd.	1,491	1,446	1,855	2,307	2,618	1,729	15.1%
International Aerospace Manufacturing Pvt. Ltd.	1,619	1,082	1,508	1,924	2,608	-	12.7%

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note – 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
2. Revenues for international players are converted to INR as per latest exchange rate.
3. A&D segment share in overall revenue: Dynamatic Technologies Ltd ~ 36% (FY24), Maini Precision Products Ltd. ~32% (FY24), International Aerospace Manufacturing Pvt. Ltd., Jamco Corporation ~100%,

Comparison of EBITDA margin of the key players

Azad Engineering Ltd. has the highest EBITDA margin (39.9% in 2024) across the compared companies in India and globally.

EBITDA margin comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Jamco Corporation	5.1%	-16.8%	-3.9%	8.1%	6.5%	8.4%
Dynamatic Technologies Ltd.	15.2%	13.8%	14.1%	14.4%	13.7%	12.8%
Maini Precision Products Ltd.	6.8%	3.0%	6.7%	22.3%	15.6%	-
MTAR Technologies Ltd.	28.6%	34.1%	31.2%	29.2%	20.2%	17.3%
Azad Engineering Ltd.	34.7%	24.4%	33.7%	31.4%	39.9%	35.4%
Paras Defence & Space Technologies Ltd.	27.7%	30.9%	29.5%	28.1%	22.6%	28.4%
International Aerospace Manufacturing Pvt. Ltd.	15.4%	14.2%	14.2%	16.5%	17.6%	-

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note – 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24

Comparison of PAT margin of the key players

Indian companies have a diversified portfolio of customers and have been consistently profitable.

PAT margin comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Jamco Corporation	0.7%	-27.1%	-10.4%	4.7%	2.7%	2.6%
Dynamatic Technologies Ltd.	2.9%	-1.9%	1.2%	3.2%	8.3%	3.3%
Maini Precision Products Ltd.	-3.9%	-10.7%	-2.9%	12.9%	6.5%	-
MTAR Technologies Ltd.	14.4%	18.6%	18.4%	17.4%	9.6%	7.2%
Azad Engineering Ltd.	17.1%	9.2%	14.8%	3.2%	15.7%	17.9%
Paras Defence & Space Technologies Ltd.	13.2%	10.9%	14.6%	15.6%	11.5%	15.5%
International Aerospace Manufacturing Pvt. Ltd.	2.9%	0.7%	4.8%	7.5%	8.2%	-

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note – 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24

Comparison of ROCE of the key players

Most Indian companies have ROCE's in excess of 10%.

ROCE comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Jamco Corporation	4.2%	-36.5%	-16.3%	7.3%	9.9%	7.6%
Dynamatic Technologies Ltd.	13.2%	8.7%	12.2%	13.2%	19.9%	5.5%

Company	2020	2021	2022	2023	2024	2025 H1
Maini Precision Products Ltd.	0.1%	-7.8%	-0.1%	48.4%	27.6%	-
MTAR Technologies Ltd.	21.6%	14.5%	15.8%	21.4%	11.9%	5.1%
Azad Engineering Ltd.	29.4%	15.0%	21.0%	14.9%	18.3%	7.6%
Paras Defence & Space Technologies Ltd.	13.5%	13.6%	11.1%	12.2%	9.8%	8.4%
International Aerospace Manufacturing Pvt. Ltd.	8.9%	3.1%	10.2%	18.3%	25.7%	-

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note – 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24

Comparison of P/E ratio of the key players

Dynamatic Technologies Ltd., MTAR Technologies Ltd. and Paras Defence & Space Technologies Ltd. have a P/E ratio of more than 40x in 2024.

P/E ratio comparison of competitors 2020-2024

Company	2020	2021	2022	2023	2024
Jamco Corporation	34.3	-2.1	-5.3	18.5	19.3
Dynamatic Technologies Ltd.	7.9	-27.5	87.5	40.9	41.5
MTAR Technologies Ltd.	-	60.3	88.3	47.0	92.3
Azad Engineering Ltd	-	-	-	-	121.8
Paras Defence & Space Technologies Ltd.	-	-	80.4	50.8	74.5

Source – Financials reports published in MCA, SEC filings, Company annual reports, BSE India, Google Finance
Note – 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
2. Closing price of last trading day of relevant month is considered for calculation of P/E ratio
3. P/E ratio of 2025 H1 is not included as annualized earnings are not available
4. P/E ratio for Jamco Corporation (2021, 2022) and Dynamatic Technologies Ltd (2021) is negative due to negative earnings.

Comparison of P/B ratio of the key players

Dynamatic Technologies Ltd and MTAR Technologies Ltd . have a P/B ratio of 7-8x in 2024 with P/B ratio of Paras Defence & Space Technologies Ltd. at 5.4x in 2024.

P/B ratio comparison of competitors 2020-2024

Company	2020	2021	2022	2023	2024
Jamco Corporation	0.7	1.7	2.1	3.2	2.3
Dynamatic Technologies Ltd.	0.8	1.6	3.6	3.2	7.6
MTAR Technologies Ltd.	-	5.8	10.3	7.8	7.7
Azad Engineering Ltd	-	-	-	-	12.5
Paras Defence & Space Technologies Ltd.	-	-	5.8	4.4	5.4

Source – Financials reports published in MCA, SEC filings, Company annual reports, BSE India, Google Finance
Note – 1. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
2. Closing price of last trading day of relevant month is considered for calculation of P/B ratio

Key success factors in the industry

The key success factors in the aerospace and defence components industry not only require access to resources but also continual attention to improve operational efficiency:

1. Operational effectiveness

a. Highly skilled labour is required but optimal labor costs are also needed as suppliers have lower bargaining powers vis-à-vis the OEMs.

b. OEM seek to maximize their margins and are constantly looking for cost effective suppliers which gives Indian vendors who are able pass the stringent qualification process an edge.

c. Specialization in one product or common process confers an edge to the supplier as they tend to get higher volumes.

2. Execution capability

a. Control over supply chain is critical in this industry since the tolerance for error is non-existent.

b. Ability to ramp to meet the production schedules is a key requirement for the OEMs and Tier1 players. They prefer supplier who can provide this consistently.

c. Rapid responses to request for quotes and proposals is also a key demand from customers.

3. Access to resources

a. These products are of high quality and used in life critical components such as engine of an aircraft. Hence, the margin for error in these components is nil.

b. Access to skilled labor with experience in manufacturing components with small tolerances is a key requirement. Plant locations which have access to such talent have an advantage.

c. Vendors are required to participate during the product development stage and vendors who can commit capital and resources have a higher right to win when the product is launched, and demand picks up.

The industry has a significant entry barrier due to a lengthy qualification process for the A&D components due to criticality of their usage. The qualification process for a new vendor is stringent and includes multiple steps mentioned below.

1. Identification and understanding the vendor.
2. Assessment and audit of the technical capabilities for the vendor
3. RFQ and negotiations
4. Vendor registration
5. Evaluation and test of the product qualifications
6. Final contract and negotiations
7. PO for product supply

This entire process is time intensive and often takes more than 15 months to qualify as a supplier during which the vendor is evaluated by the OEM. The vendors also need to institute quality and tracking procedures for all products that are supplied which demands a higher order quality control.

Once a contract is awarded by an OEM to a supplier for a critical component, the OEM and the supplier typically spend significant amount of time and capital on design, manufacturing, first article inspection, testing & certifications for product specific equipment such as tooling. Any new supplier will need to undergo the same process. OEMs are reluctant to switch suppliers as there are high switching costs unless the current suppliers are unable to meet the requirements on quality, cost, or delivery.

Comparison of Indian, Chinese, and other global players

Players that are well integrated into the value chain have an edge in their execution capability as witnessed for Chinese and other global players. Few Indian players have also developed similar capability. Global players who have scale are able to effectively utilize labour resources to achieve better operational effectiveness, gaining an advantage. US has imposed an additional 10% tariff on all imports from China applicable across all product categories without specific exclusions as of February 4, 2025.

DRILLING EQUIPMENT

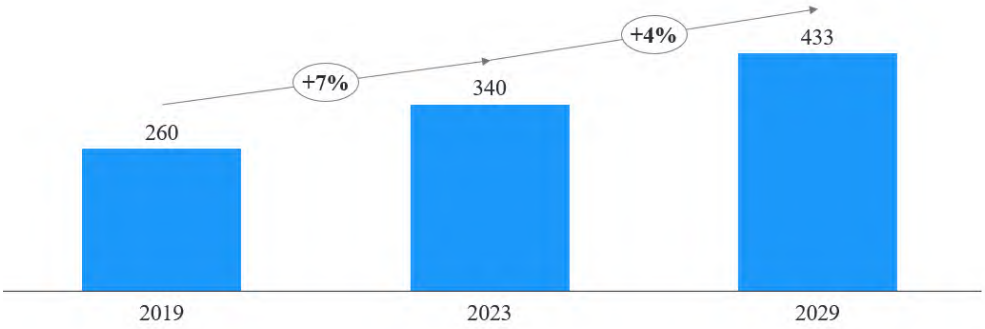
Market review and Outlook

The global oil and gas drilling tools market caters to the needs of the oil and gas industry by supplying specialized equipment essential for drilling during exploration, production, and resource extraction. This market plays a vital role in efficient drilling operations across onshore and offshore environments and ensuring operational effectiveness in the industry. Azad Engineering Ltd. manufacturers components of drilling rigs (such as drill bits) and downhole drilling tools (such as reamers).

Overall drill bits market and outlook

The overall market for drill bits in 2023 is INR 340k Mn which is expected to reach INR 433k Mn by 2029 with an estimated compounded annual growth of 4% between 2023 – 29. This growth is largely driven by the growth in exploration and production (E&P) spending globally.

Drill bits market (INR'000 Mn) (2019-29)

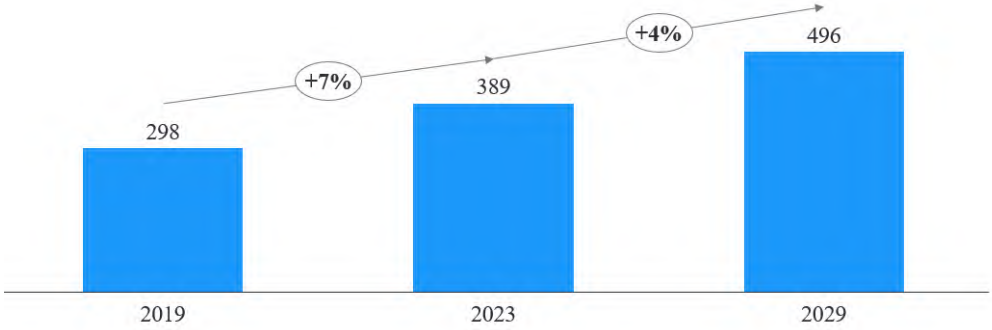


Source: IEF, S&P Global Upstream Oil and Gas Investment Outlook, dated February 2023, Schlumberger, Ltd. corporate overview
Note: This includes overall drill bits market which is supplied by large OFSE players such as Schlumberger, Ltd., Baker Hughes etc. and doesn't specifically take into account the outsourcing share in this market; 1 USD = 85 INR assumed for conversion

Overall downhole drilling tools market and outlook

The overall market for downhole drilling tools includes market for products such as reamers. This market was estimated to be INR 389k Mn in 2023 & is expected to reach INR 496k Mn by 2029 with an estimated compounded annual growth of 4% between 2023 – 29. Similar to drill bits market, this growth is also largely driven by the growth in exploration and production (E&P) spending globally.

Downhole drilling tools market (INR'000 Mn) (2019-29)



Source: IEF, S&P Global Upstream Oil and Gas Investment Outlook, dated February 2023, Schlumberger, Ltd. corporate overview
Note: This includes overall downhole drilling tools which is supplied by large OFSE players such as Schlumberger, Ltd., Baker Hughes etc. and doesn't specifically take into account the outsourcing share in this market; 1 USD = 85 INR assumed for conversion

The major driving factors behind the increasing demand of drilling equipment are:

1. ***Technological advancements in drilling*:** Drilling techniques and technologies are becoming more advanced resulting in greater efficiency and safety allowing exploration of areas that were too expensive earlier such as deep water and ultra-deep water.

2. ***Offshore E&P activities*:** Area under offshore drilling has expanded adding to the demand of advanced drilling equipment.

3. ***New infrastructure & pipeline development activities*:** Due to changes in the political landscape, multiple new pipelines are being developed & further new infrastructure is being built which are creating demand for equipment using in piping gas and oil.

4. ***Increased funding by players in upstream sector*:** The investment in upstream sector is increasing at global level as the demand for energy continues to increase.

The major risks to the demand of drilling equipment are:

1. ***Technological and operational risks*:** Technological advancements can result in obsolescence of some equipment which will require vendors to keep abreast of new technologies.

2. ***Demand fluctuations:*** Changes in global energy consumption, push for adoption of renewable energy sources, and energy efficiency trends can impact the demand for oil and gas.

Competition landscape for drilling equipment

Industry overview

The Oil field service and equipment (OFSE) market in complex and has several value chains that vary across the geographies. The companies follow various business models and are present across few or all parts of value chains. While some players manufacture components, some are involved in drilling and production, and some do both. Several players like Baker Hughes takes up contracting jobs as well.

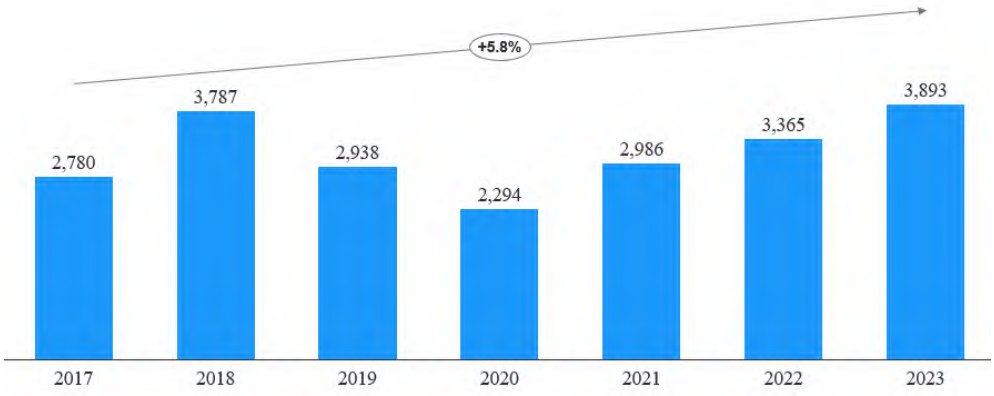
The market is dominated by several large integrated players like Schlumberger, Ltd., NOV Inc., Halliburton, Pioneer energy services, Superior energy services Inc., GE oil and gas, C&J energy services Ltd., Expro group holding N.V., Baker Hughes etc. These players primary engage in drilling activities along with manufacturing of the drilling and equipment and hence aren't direct competitors to machining companies. On a technological level, there is low differentiation among the OFSE players and hence there have been rise of new players in the space.

Global and Indian trade

Global exports and imports

The global exports at HS code 843041, which refers to "Self-propelled boring or sinking machinery for boring earth or extracting minerals or ores", have been growing at about 6% from 2017 to 2023. After witnessing the lowest exports in 2020 since 2017, the exports are witnessing an increase and currently stands at 3.9 US$ Bn.

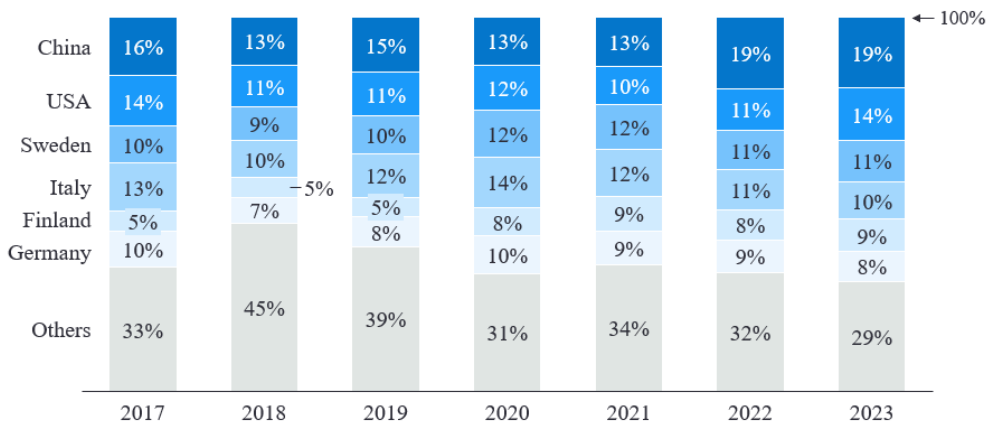
Global exports at HS code 843041 (US$ Mn), (2017-23)



Source: ITC trade map
Note: The import data is specific for the HS code 843041 which refers to "Self-propelled boring or sinking machinery for boring earth or extracting minerals or ores"

China contributed the largest share in global exports for drilling equipment and accounted for 19% of total exports in 2023. China and USA together constituted for about a third of total exports by value.

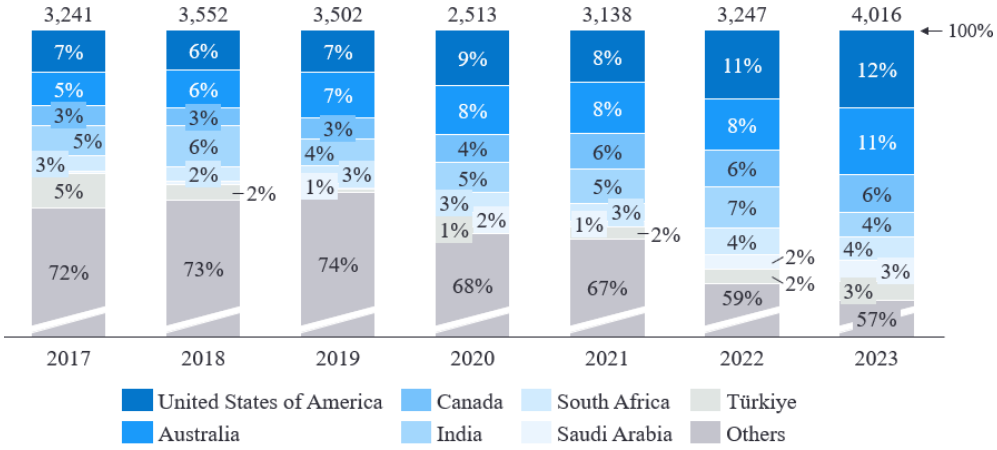
Global exports by country at HS code 843041, (2017-23)



Source: ITC trade map
Note: The import data is specific for the HS code 843041 which refers to "Self-propelled boring or sinking machinery for boring earth or extracting minerals or ores"

USA, Australia, and Canada were the three largest importers of drilling equipment in 2023 making up for about ~30% of the total imports.

Global imports by country at HS code 843041 (US$ Mn), (2017-23)

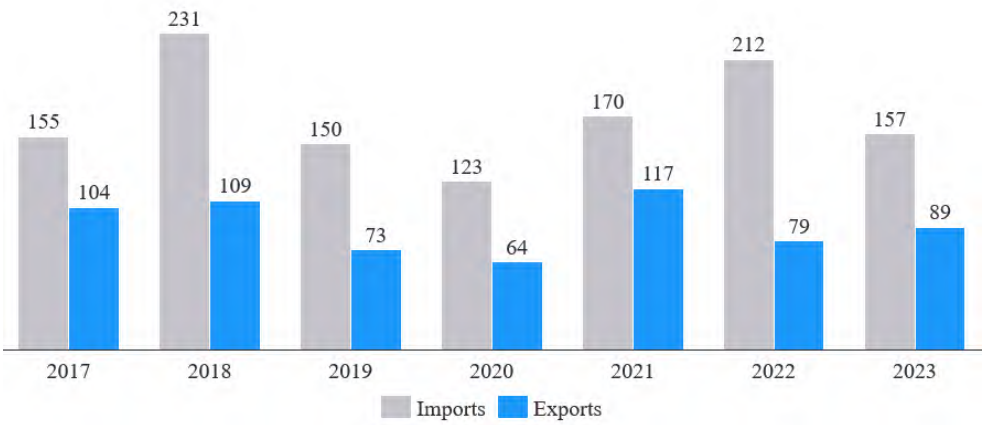


Source: ITC trade map
Note: The import data is specific for the HS code 843041 which refers to "Self-propelled boring or sinking machinery for boring earth or extracting minerals or ores"

Indian exports and imports

India is a net importer of drilling tools with over 50% of the imports originating from China over the last 5 years (in 2022 the share of China peaked at ~75%). The total imports have followed a similar trend to global exports until 2022 but have dipped to 157 US$ Mn in 2023 from 212 US$ Mn in 2022. The exports have fluctuated around 100 Mn US$ since 2017 and currently stands at 89 US$ Mn.

India's exports and imports at HS code 843041 (US$ Mn), (2017-23)

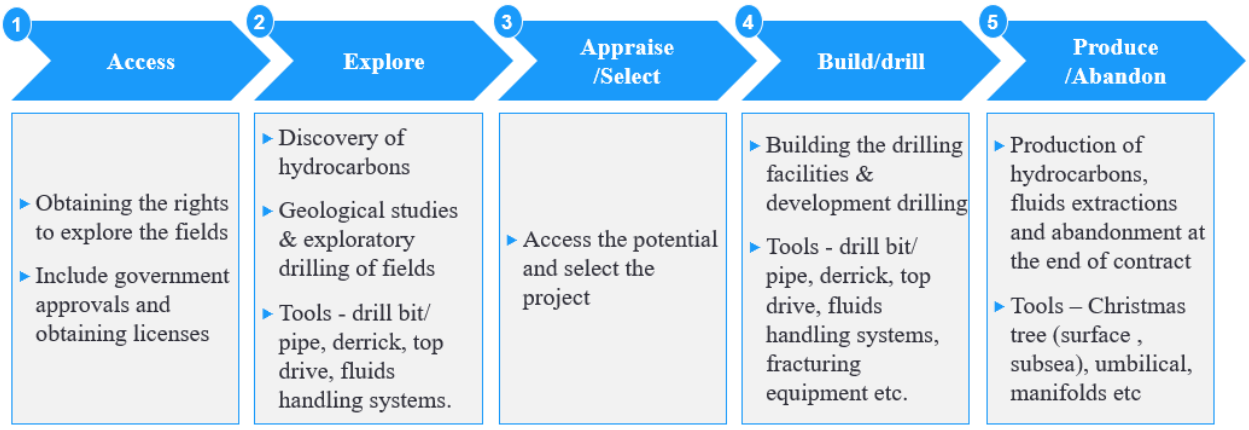


Source: ITC trade map
Note: The import data is specific for the HS code 843041 which refers to "Self-propelled boring or sinking machinery for boring earth or extracting minerals or ores"

Value chain

The value chain for E&P starts from obtaining a license for exploration followed selection, drilling, production of hydrocarbons and finally abandonment at the end of contract. The tools are primarily used in exploration for exploratory drilling, in development drilling and in production.

Value chain for exploration and production (E&P)



Source: E&M combustion article, accessed August 2023

Key players machining for drilling equipment

Azad Engineering Ltd.:

Azad Engineering Ltd. started its core manufacturing in 2008 and is a player in the energy turbine, aerospace & oilfield drilling equipment market. Within oilfield drilling components, the company supplies drill bits, reamers, slips amongst others.

Details of other players

The details about other key players machining for the oilfield drilling equipment are mentioned below.

Details of key players machining for drilling equipment

Players	Key products	Key services	Manufacturing locations	Markets served
United Drilling Tools Ltd.	• Wireline winch • Gas lift equipment • Downhole tools • Connectors	• Bottom hole assembly and drilling solutions	India	Domestic (India) & export

Players	Key products	Key services	Manufacturing locations	Markets served
Drilling Tools International Corp.	• Desanders • Valves • Roller reamers	• Directional & premium tools rental services • Downhole inspection services • Wellbore optimization	USA	Domestic (USA) & export
Schoeller-Bleckmann Oilfield Equipment AG	• Reamers • Hole openers • Non-magnetic drill collars • Circulations & completion equipment	• Repair & maintenance services	Germany, Austria, USA	USA & Europe

Source: Company websites

Operational benchmarking of key players

Value chain presence of players

Almost all key players provide individual components, systems, and services across the segment. Players such as Azad Engineering Ltd. focus more on machining of components than end-user service.

Value chain presence of players

	Components	Systems	Services
Schoeller-Bleckmann Oilfield Equipment AG	✓	✓	✓
Drilling Tools International Corp.	✓	✓	✓
Azad Engineering Ltd.	✓		
United Drilling Tools Ltd.	✓	✓	✓

Source: Company websites

Segmental presence of players

International players such as Schoeller-Bleckmann Oilfield Equipment AG and Drilling Tools are present across drilling and completion segments while Indian players are generally present only in two segments. The largest India player United Drilling Tools Ltd. provides products in drilling and completion but does not operate in the flow control segment.

Segmental presence of players

	Drilling tools	Circulation / flow control tools	Completion tools
Schoeller-Bleckmann Oilfield Equipment AG	✓	✓	✓
Drilling Tools Intl. Corp.	✓	✓	✓
Azad Engineering Ltd.	✓		
United Drilling Tools Ltd.	✓		✓

Source: Company websites

Financial benchmarking of key players

Revenue comparison of the key players

Indian enterprises are far smaller when compared to global players such as Schoeller-Bleckmann Oilfield Equipment AG.

Revenue comparison of competitors 2020-2025 H1 (INR Cr), CAGR (2020-24)

Company	2020	2021	2022	2023	2024	2025 H1	CAGR
Schoeller-Bleckmann Oilfield Equipment AG	27,060	27,907	47,088	54,534	-	-	26.3%
Azad Engineering Ltd.	1,235	1,250	1,993	2,615	3,728	2,121	31.8%
United Drilling Tools Ltd.	1,147	1,465	1,760	1,204	1,306	1,036	3.3%

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note: 1. Drilling Tools International Corp. is not considered due to lack of periodic revenue data
2. CAGR between 2020 – 23 is considered for Schoeller-Bleckmann Oilfield Equipment AG due to lack of 2024 financial data,
3. For Azad Engineering Ltd., the total company financials are considered not the oil and gas segmental financials
4. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
5. For Schoeller-Bleckmann Oilfield Equipment AG, financials are for year ending Dec
6. For Foreign Players, figures are converted using latest conversion rates

7. Revenue for Schoeller-Bleckmann Oilfield Equipment AG between Jan – Jun 24 is INR 2,680 Cr.

Comparison of EBITDA margin of the key players

Azad Engineering Ltd . had a high EBITDA margin of 31.4% compared to 16.4% for Uniteed Drilling Tools Ltd. and 19.0% for Schoeller-Bleckmann Oilfield Equipment AG in 2023.

EBITDA margin comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Schoeller-Bleckmann Oilfield Equipment AG	5.5%	19.6%	25.3%	19.0%	-	-
Azad Engineering Ltd.	34.7%	24.4%	33.7%	31.4%	39.9%	35.4%
United Drilling Tools Ltd.	48.8%	29.1%	42.8%	16.4%	16.8%	15.2%

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note: 1. Drilling Tools International Corp. not considered due to lack of periodic revenue data
2. For Azad Engineering Ltd., the total company financials are considered not the oil and gas segmental financials
3. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
4. For Schoeller-Bleckmann Oilfield Equipment AG, financials are for year ending Dec.
5. EBITDA margin for Schoeller-Bleckmann Oilfield Equipment AG between Jan – Jun 24 is 15.2%.

Comparison of PAT margin of the key players

In 2024, Azad Engineering had PAT margin of ~15.7%. up from 3.2% in 2023

PAT margin comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Schoeller-Bleckmann Oilfield Equipment AG	-7.3%	6.8%	14.4%	11.9%	-	-
Azad Engineering Ltd.	17.1%	9.2%	14.8%	3.2%	15.7%	17.9%
United Drilling Tools Ltd.	39.4%	22.3%	28.4%	8.5%	7.2%	8.2%

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note: 1. Drilling Tools International Corp. not considered due to lack of periodic revenue data.
2. For Azad Engineering Ltd., the total company financials are considered not the oil and gas segmental financials,
3. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24
4. For Schoeller-Bleckmann Oilfield Equipment AG, financials are for year ending Dec
5. PAT margin for Schoeller-Bleckmann Oilfield Equipment AG between Jan – Jun 24 is 8.4%

Comparison of ROCE of the key players

Azad Engineering Ltd. had the highest ROCEs compared to others whose ROCE ranges between 15-20% in 2023 and 2024.

ROCE comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024	2025 H1
Schoeller-Bleckmann Oilfield Equipment AG	-4.8%	4.9%	16.2%	13.3%	-	-
Azad Engineering Ltd.	29.4%	15.0%	21.0%	14.9%	18.3%	7.6%
United Drilling Tools Ltd.	31.4%	20.1%	29.5%	6.2%	6.4%	5.0%

Source – Financials reports published in MCA, SEC filings, Company annual reports.
Note: 1. Drilling Tools International Corp. not considered due to lack of periodic revenue data.
2. For Azad Engineering Ltd., the total company financials are considered not the oil and gas segmental financials,
3. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24,
4. For Schoeller-Bleckmann Oilfield Equipment AG, financials are for year ending Dec
5. ROCE for Schoeller-Bleckmann Oilfield Equipment AG between Jan – Jun 24 is 1.7%.

Comparison of P/E ratio of the key players

Schoeller-Bleckmann Oilfield Equipment AG has 9.7x P/E ratio as on Dec 2023.

P/E ratio comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024
Schoeller-Bleckmann Oilfield Equipment AG	-	23.1	12.2	9.7	-
Azad Engineering Ltd	-	-	-	-	121.8
United Drilling Tools Ltd.	4.7	16.3	20.0	38.4	41.7

Source – Financials reports published in MCA, SEC filings, Company annual reports, BSE India, Wiener Börse AG
Note: 1. Drilling Tools International Corp. not considered due to lack of periodic revenue data.

2. For Azad Engineering Ltd., the total company financials are considered not the oil and gas segmental financials,
3. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,24,
4. Closing price of last trading day of relevant month is considered for calculation of P/E ratio,
5. For Schoeller-Bleckmann Oilfield Equipment AG, financials are for year ending Dec
6. P/E ratio for Schoeller-Bleckmann Oilfield Equipment AG in 2020 is negative due to negative earnings
7. P/E ratio of 2024 H1 is not included as annualized earnings are not available.

Comparison of P/B ratio of the key players

United Drilling Tools Ltd. has a P/B ratio of 1.6x as on Mar 2023.

P/B ratio comparison of competitors 2020-2025 H1

Company	2020	2021	2022	2023	2024
Schoeller-Bleckmann Oilfield Equipment AG	1.7	1.4	2.2	1.6	-
Azad Engineering Ltd	-	-	-	-	12.5
United Drilling Tools Ltd.	0.1	0.3	0.4	0.2	0.2

Source – Financials reports published in MCA, SEC filings, Company annual reports, BSE India, Wiener Börse AG
Note: 1. Drilling Tools International Corp. not considered due to lack of periodic revenue data.
2. For Azad Engineering Ltd., the total company financials are considered not the oil and gas segmental financials,
3. For Indian players, financials are for FY20-FY24 and H1 2025 financials are for Apr – Sept,25,
4. Closing price of last trading day of relevant month is considered for calculation of P/B ratio,
5. For Schoeller-Bleckmann Oilfield Equipment AG, financials are for year ending Dec.
6. P/B ratio for Schoeller-Bleckmann Oilfield Equipment AG as on Jun 24 is 1.3x
7. P/B ratio of 2025 H1 is not included as annualized earnings are not available.

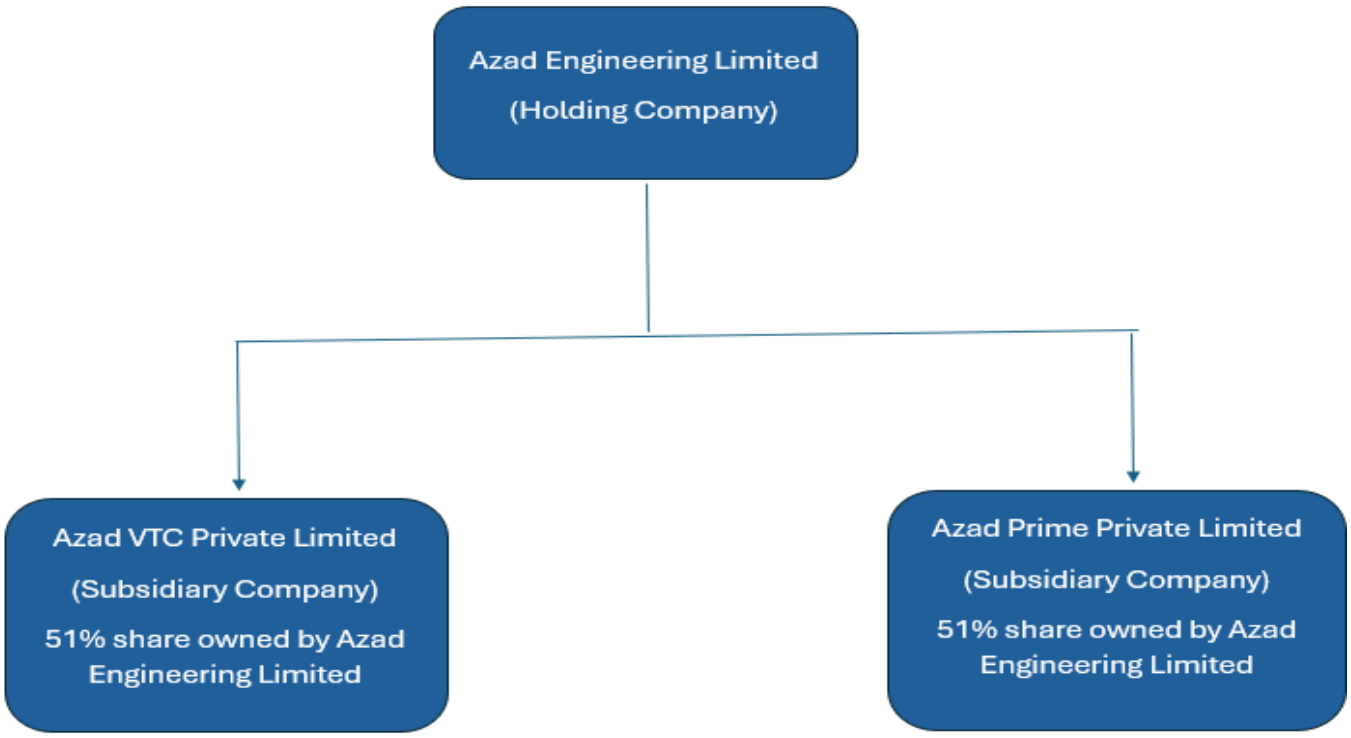
ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was incorporated as 'Azad Engineering Private Limited' at Hyderabad, Telangana under the Companies Act, 1956, pursuant to a certificate of incorporation dated September 14, 1983, issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Pursuant to a special resolution passed by our Shareholders on July 14, 2023, our Company was converted into a public limited company and consequently, the name of our Company was changed to 'Azad Engineering Limited' and a fresh certificate of incorporation dated September 5, 2023 was issued by the RoC.

Our Company's CIN is U74210TG1983PLC004132. The Registered and Corporate Office of our Company is located at 90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500 055, Telangana, India. Our Company's Equity Shares are presently listed on BSE and NSE bearing Scrip Code and Symbol representing '544061' and 'AZAD' respectively and ISIN 'INE02IJ01035'.

The organisational structure of our Company as on the date of this Preliminary Placement Document is as follows:



Subsidiaries

As of the date of this Preliminary Placement Document, our Company has two Subsidiaries, namely:

Sr. No.	Name	Jurisdiction	Business	Address
1.	Azad Prime Private Limited	India	Manufacture, purchase, sell, import and export all primary components for various engineering, electronic, electrical, all consumer durables, and automobile industries.	Plot No.90/C, 90/D, Phase -1, I.D.A, IDA Jeedimetla, Hyderabad, 500 055 Telangana, India
2.	Azad VTC Private Limited	India	Buyers, sellers, importers, exporters, dealers, distributors, agents and otherwise deal in all kinds of required raw materials like industrial gases, metallic powders, steel grit, laboratory chemicals and other consumables required for use in the above process.	Plot No.90/C, 90/D, Phase -1, I.D.A, IDA Jeedimetla, Hyderabad, 500 055 Telangana, India

Holding Company

As on the date of this Preliminary Placement Document, our Company does not have any holding company.

Associate and Joint Ventures

As on the date of this Preliminary Placement Document, our Company does not have any associates or joint ventures.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its powers subject to the Memorandum of Association and Articles of Association and as per the requirements of the applicable laws. The composition of our Board is governed by the provisions of the Companies Act, the Articles of Association and the SEBI Listing Regulations.

The Articles of Association provides that the number of Directors shall not be less than three and not more than 15, or such higher number not exceeding 15 as may be approved by the shareholders of our Company after passing a special resolution. As on the date of this Preliminary Placement Document, our Company has eight Directors on its Board, comprising of four Executive Directors of which one is a Promoter, Chairman and CEO and one is the Managing Director of our Company and four Non-Executive Independent Directors of which one is a women Independent Director on our Board.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Sr. No.	Name, DIN, designation, date of birth, current term, period of directorship, address, occupation and age	Other Directorships
1.	***Rakesh Chopdar*** **Designation:** Chairman and CEO **Current term:** Three years with effect from September 13, 2023 **Period of directorship:** Director since August 14, 2003 **Address:** 5A/800, Benecia, Lodha Bellezza, Phase 4, Kukatpally, Tirumalagiri, Hyderabad 500 072, Telangana, India. **Occupation:** Business **Date of birth:** November 9, 1978 **DIN:** 01795599 **Age:** 46 years	**Indian Companies:** • Azad Prime Private Limited; • Azad VTC Private Limited • Radhe Creations Private Limited; • Rouland Chemicals Private Limited; and • Swastik Coaters Private Limited. **Foreign Companies:** Nil
2.	***Jyoti Chopdar*** **Designation:** Whole-Time Director **Current term:** Three years with effect from September 13, 2023, liable to retire by rotation **Period of directorship:** Director since July 1, 2014 **Address:** 5A/800, Benecia, Lodha Bellezza, Phase 4, Kukatpally, Tirumalagiri, Hyderabad 500 072, Telangana, India. **Occupation:** Business **Date of birth:** January 21, 1977 **DIN:** 03132157 **Age:** 48 years	**Indian Companies:** • Azad Prime Private Limited; • Azad VTC Private Limited; • Forgen Power Parts Private Limited; • Ohgo Engineering Private Limited; • Rouland Chemicals Private Limited; and • Swastik Coaters Private Limited. **Foreign Companies:** Nil
3.	***Murali Krishna Bhupatiraju*** **Designation:** Managing Director **Current term:** Five years with effect from January 3, 2025 **Period of directorship:** Director since January 3, 2025 **Address:** 7-99/1, Micasa Sterling, Near Rob, Kompally 500 100, Telangana, India. **Occupation:** Professional **Date of birth:** August 27, 1969 **DIN:** 10883843 **Age:** 55	**Indian Companies:** Nil **Foreign Companies:** Nil
4.	***Vishnu Pramodkumar Malpani***	**Indian Companies:**

Sr. No.	Name, DIN, designation, date of birth, current term, period of directorship, address, occupation and age	Other Directorships
	Designation: Whole-Time Director **Current term:** Three years with effect from September 13, 2023, liable to retire by rotation **Period of directorship:** Director since September 13, 2023 **Address:** Plot No. 54A Meghdood Housing Society near Adarsh School Bharat Nagar Shahapur Belgaum 590 003, Karnataka, India. **Occupation:** Service **Date of birth:** February 25, 1988 **DIN:** 10307319 **Age:** 37 years	Nil **Foreign Companies:** Nil
5.	***Michael Joseph Booth*** **Designation:** Independent Director **Current term:** Five years with effect from September 12, 2023 **Period of directorship:** Director since September 12, 2023 **Address:** 29 Kilwinning Road, Stevenston, KA20 3AT, Scotland **Occupation:** Business **Date of birth:** February 13, 1951 **DIN:** 10309295 **Age:** 74 years	**Indian Companies:** Nil **Foreign Companies:** Nil
6.	***Subba Rao Ambati*** **Designation:** Independent Director **Current term:** Five years with effect from September 24, 2023 **Period of directorship:** Director since September 24, 2023 **Address:** 7-1-644/26 F No.-202 Glk Emerald, Nr Community Hal Sunder Nagar, S.R. Nagar, Hyderabad 500 038, Telangana, India **Occupation:** Business **Date of birth:** June 1, 1953 **DIN:** 01722940 **Age:** 71 years	**Indian Companies:** • Eubios Therapeutica (India) Private Limited **Foreign Companies:** Nil
7.	***Madhusree Vemuru*** **Designation:** Independent Director **Current term:** Five years with effect from September 12, 2023 **Period of directorship:** Director since September 12, 2023 **Address:** 16-11-405, SBI Officers Colony, Moosarambagh, Hyderabad 500 036, Telangana, India. **Occupation:** Service **Date of birth:** September 30, 1966 **DIN:** 10304579 **Age:** 58 years	**Indian Companies:** • Azad Prime Private Limited; • Azad VTC Private Limited; **Foreign Companies:** Nil

Sr. No.	Name, DIN, designation, date of birth, current term, period of directorship, address, occupation and age	Other Directorships
8.	***Mr. Deepak Kabra*** **Designation:** Independent Director **Current term:** Five years with effect from January 3, 2025 **Period of directorship:** Director since January 3, 2025 **Address:** B-503 Gunina CHS, Palm Beach Road, Near Moraj Residency, Navi Mumbai, Thane 400 705**,** Maharashtra, India. **Occupation:** Professional **Date of birth:** October 28, 1978 **DIN:** 10878892 **Age:** 46	**Indian Companies:** Nil **Foreign Companies:** Nil

Brief Biographies of our Directors

Rakesh Chopdar is the Chairman and CEO of our Company. He has completed his education until the 10th standard from Trinity Public School, Hyderabad, Telangana. He has been involved with our Company since 2003 and has more than two decades of experience in engineering and manufacturing activities. He has won the third prize at the "National Award for Outstanding Entrepreneurship" under "Small Enterprises (Manufacturing)" from the Government of India, MSME in 2012, "Young Asian Entrepreneur 2019-20" by CNBC – TV18 in 2020 and the National MSME Award-2022 first prize in manufacturing export medium enterprise by the Government of India, Ministry of Micro, Small and Medium Enterprises.

Jyoti Chopdar is the Whole-Time Director of our Company. She has passed the examination for bachelor's degree in arts from the Kurukshetra University. She has been associated with our Company for over eight years and is actively involved in our Company's general administrative activities**.**

Murali Krishna Bhupatiraju is the Managing Director of our Company. He holds a PhD (Doctor of Philosophy degree) from Ohio State University, Master of Business Administration (MBA) from Michigan State University, and a Master of Science in Computer Science degree from Georgia Institute of Technology. He has previously worked at Bharat Forge America as president and chief financial officer, Dyson Corporation as chief financial officer and Gerdau Macsteel as plant general manager.

Vishnu Pramodkumar Malpani is the Whole-Time Director of our Company. He holds a bachelor's degree in technology from the Indian Institute of Technology, Guwahati, Assam. He has also completed the executive education programme on finance for non-finance managers from the Indian School of Business. He has previously worked with Wipro Technologies (a division of Wipro Limited) as project engineer, Prashaste Education and Management Consultancy Private Limited as lead consultant, Jubilant MotorWorks Private Limited as senior manager – business analytics, Raam Autobahn India Private Limited (Mercedes Benz Silver Star) as chief executive officer, BVS Nature Fresh Products Private Limited as chief operating officer and Visaka Industries Limited as general manager (strategy and business re-engineering). He has been associated with our Company for over three years.

Michael Joseph Booth is the Independent Director of our Company. He has obtained a higher national certificate in mechanical engineering and a higher national diploma in mechanical engineering from Kilmarnock Technical College. He has previously worked with GE Caledonian Limited as repair team leader and as lead middle east sales manager in Turbine Services Limited (owned by Chromalloy).

Subba Rao Ambati is the Independent Director of our Company. He holds a bachelor's degree of Pharmacy (Honours) from the Birla Institute of Technology and Science and diploma in business management from the Indian Merchants' Chamber, Bombay. He has previously worked with Mars Therapeutics & Chemicals Limited as general manager – marketing, Jay Ambe Molecules Private Ltd. as a consultant pharma operations and Vanguard Therapeutics Private Limited as manager – marketing services.

Madhusree Vemuru is the Independent Director of our Company. She holds a bachelor's degree in science from Rani Durgavati Vishwavidyalaya, Jabalpur, Madhya Pradesh. She has been admitted to the Bar Council of the State of Andhra Pradesh. She has previously worked with Andhra Paper Limited as general manager – corporate social responsibility, Hyderabad, Mahindra Namaste Pvt. Ltd. as chief placement officer and Dr. Reddy's Foundation as head, business development.

Deepak Kabra is the Independent Director of our Company. He is a qualified chartered accountant from the Institute of Chartered Accountants of India and is a fellow member of Institute of Chartered Accountants of India. He has over 15 years of

experience and has previously worked with YES Bank Limited as the senior president in the business unit, as the assistant general manager with ICICI Bank Limited and as assistant manager - accounts with Tata Chemicals Limited.

Relationship between our Directors

Except for Rakesh Chopdar and Jyoti Chopdar, who are husband and wife, none of our Directors are related to each other.

Borrowing powers of the Board

Pursuant to the resolutions of our Board and Shareholders dated January 3, 2025 and January 28, 2025 respectively, our Board is empowered to borrow up to a sum of ₹50,000 million, in excess of the aggregate of the paid up capital of our Company and its free reserves and securities premium on such terms and conditions as in accordance with Section 179 and Section 180 of the Companies Act and our Articles of Association.

Interests of Directors

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company, employee stock options as well as sitting fees, if any, payable to them for attending meetings of our Board or Committees thereof and any commission payable to them. For further details, see " – *Terms of Appointment of our Executive Directors*" and " – *Remuneration of the Directors*", on pages 247 and 248, respectively.

Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends in respect of such Equity Shares), held by them and their relatives in our Company or held by the entities in which they are associated as directors, promoters, proprietors, members, trustees or partners and any dividend and other distributions payable in respect of such Equity Shares.

Further, relatives of certain of our Directors are also shareholders and / or employees of our Company and may be deemed to be interested to the extent of the payment of remuneration made by our Company. For the payments that are made by our Company to such relatives of the Directors, see "*Financial Statements*" beginning on page 95.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested, in cash or shares or otherwise, by any person, either to induce them to become, or to qualify them as, as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Our Chairman and CEO has entered into two share purchase agreements each dated September 16, 2023 to purchase 13,150 equity shares and 50,350 equity shares of our Erstwhile Subsidiaries i.e., Swastik Coaters Private Limited and Rouland Chemicals Private Limited, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities, respectively. Swastik Coaters Private Limited and Rouland Chemicals Private Limited hold the free hold title to the land situated at Plot Number 90/C in Survey Numbers 298/A and 299/2, all situated at phase -1, IDA Jeedimetla Village,Quthbullapur Mandal, under GHMC circle, Medchal -Malkajgiri District, Telangana, India and Plot Number 90/D in Survey Number 299/2, situated at phase -1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal -Malkajgiri District, Telangana, India on which one of our current manufacturing facilities are situated (collectively the "**Subject Land**"). Swastik Coaters Private Limited and Rouland Chemicals Private Limited have pursuant to lease deeds dated September 27, 2023, leased their respective portions of the Subject Land to our Company for a period of 10 years with effect from September 1, 2023 for a monthly lease rental of 0.12 million under each of the lease deeds, along with the applicable goods and services taxes applicable on such payment under both lease deeds with a 5% annual escalation. Further, our Company has paid 4.96 million each to Rouland Chemicals Private Limited and Swastik Coaters Private Limited, respectively, as security deposit under the lease deeds which is required to be refunded on termination or expiry of the lease deeds. Our Company has the right to terminate each of the aforesaid lease deeds at any time by giving 30 days' notice upon commencing commercial operations at our upcoming manufacturing facility at Tuniki Bollaram village in Siddipet district, Telangana.

Further, our Company entered into a lease deed dated March 22, 2024 with Agrima Logi Park, a sole proprietary firm, represented by one of our Whole – Time Director and member of our Promoter Group, Jyoti Chopdar for the land situated at Plot Number 90/E in Survey Number 299/2 situated at phase – 1, IDA Jeedimetla Village, Quthbullapur Mandal, under GHMC circle, Medchal – Malkajgiri District, Telangana, India, along with the buildings thereon for a period of 10 years with effect from March 1, 2024.

For further details see, "*Risk Factors – Some of our manufacturing facilities and offices including our Registered and Corporate Office are located on land parcels that are not owned by us and are held by us on a leasehold basis. In the event we lose or are unable to renew such leasehold rights, our business, results of operations, financial condition, cash flows and prospects may be adversely affected*", on page 52.

Our Chairman and CEO has entered into a sale deed agreement dated September 27, 2023 with our Company to purchase land located at Plot No 66, in Survey No. 735(P), admeasuring 843.52 square meters situated at Phase - II, Kukatpally village and mandal, Medchal - Malkajgiri District, Hyderabad, Telangana ("**Medchal - Malkajgiri Land**"). The Medchal - Malkajgiri Land is free from all encumbrances, charges, claims, mortgages, and litigations. Our Promoter has paid a consideration amount of 42.02 million to our Company for the Medchal - Malkajgiri Land.

Except for Rakesh Chopdar, who is the Promoter of our Company, none of our Directors have any interests in the promotion or formation of our Company.

Other than as disclosed in this Preliminary Placement Document or in the ordinary course of business, there are no outstanding transactions undertaken by our Company in which the Directors are interested parties.

Except as otherwise stated in this Preliminary Placement Document and as set out in the section "*Related Party Transactions*" on page 39, our Company has not entered into any contract, agreement or arrangement during the preceding three years from the date of this Preliminary Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, as on date of this Preliminary Placement Document, no Director has availed or extended any loans to/from our Company.

Shareholding of our Directors in our Company

As on the date of this Preliminary Placement Document, none of our Directors hold any Equity Shares, except as disclosed below:

Name of the Director	Number of Equity Shares held	Percentage of the pre-Issue Equity Share capital (%)
Rakesh Chopdar	38,330,255	64.84
Vishnu Pramodkumar Malpani	148,654	0.25
Jyoti Chopdar	144,000	0.24

As per our Articles of Association, our Directors are not required to hold any qualification shares.

Terms of Appointment of our Executive Directors

Rakesh Chopdar

Pursuant to the resolution passed by the Board and Shareholders on September 13, 2023 and September 15, 2023, respectively, Rakesh Chopdar was re-designated as Chairman and CEO of our Company and the tenure of his appointment was renewed to a period of three years with effect from September 13, 2023. Further, the terms of remuneration of Rakesh Chopdar were revised in accordance with the Sections 196, 197 and 203 read with Schedule V of the Companies Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as specified below:

Remuneration	
Particulars	**Details**
Salary	₹48.00 million per annum which is inclusive of allowances/benefits/perquisites and exclusive of any form of reimbursement of expenses incurred on behalf of our Company.

Vishnu Pramodkumar Malpani

Pursuant to the resolution passed by the Board and Shareholders on September 13, 2023 and September 15, 2023, respectively, Vishnu Pramodkumar Malpani was appointed as a Whole-Time Director of our Company and the tenure of his appointment was a period of three years beginning from September 13, 2023. Further, the terms of remuneration of Vishnu Pramodkumar Malpani are in accordance with the Sections 196, 197 and 203 read with Schedule V of the Companies Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as specified below:

Remuneration	
Particulars	**Details**
Salary	₹7.42 million per annum which is inclusive of allowances/benefits/perquisites and exclusive of any form of reimbursement of expenses incurred on behalf of our Company.

Jyoti Chopdar

Pursuant to the resolution passed by the Board and Shareholders on September 13, 2023 and September 15, 2023, respectively, Jyoti Chopdar was re-designated as a Whole-Time Director of our Company and the tenure of her appointment was renewed to

a period of three years beginning from September 13, 2023. Further, the terms of remuneration of Jyoti Chopdar were revised in accordance with the Sections 196, 197 and 203 read with Schedule V of the Companies Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as specified below:

Remuneration	
Particulars	**Details**
Salary	₹12.00 million per annum which is inclusive of allowances/benefits/perquisites and exclusive of any form of reimbursement of expenses incurred on behalf of our Company.

Murali Krishna Bhupaturaju

Pursuant to the resolution passed by the Board and Shareholders on January 3, 2025 and January 28, 2025, respectively, Murali Krishna Bhupatiraju was appointed as Managing Director of our Company and the tenure of her appointment was a period of five years beginning from January 3, 2025. Further, the terms of remuneration of Murali Krishna Bhupatiraju are in accordance with the Sections 196, 197 and 203 read with Schedule V of the Companies Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as specified below:

Remuneration	
Particulars	**Details**
Salary	₹20.00 million per annum which is inclusive of allowances/benefits/perquisites and exclusive of any form of reimbursement of expenses incurred on behalf of our Company (for a period of 3 years).
Car	One new car (or equivalent) the cost of which does not exceed ₹6.00 million with driver, including fuel, car insurance, repair and maintenance charges
ESOPs	173,430 options that would convert into 173,430 Equity Shares of the company at face value. The ESOP shall vest over 4 years in the following manner: 25% (twenty-five percent) on the completion of each year from the date of grant over a period of 4 (four) years.
One time Joining Fee	One time joining fee of ₹4.99 million

Remuneration of the Directors

Remuneration to our Executive Directors

The following table sets forth the remuneration payable to our Executive Directors during January 1, 2025 to the date of this Preliminary Placement Document, for the nine months period ended December 31, 2024 and the Fiscals 2024, 2023 and 2022:

(₹ in million)

Sr. No	Name of the Director	From January 1, 2025 to the date of this Preliminary Placement Document	Nine months period ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
1.	Rakesh Chopdar	1.50	36.00	43.49	45.90	41.12
2.	Jyoti Chopdar	1.00	9.00	12.00	12.00	13.87
3.	Vishnu Pramod kumar Malpani	0.60	5.40	8.20	4.22^	4.22^
4.	Murali Krishna Bhupatiraju[#]	-	NA	NA	NA	NA

Remuneration includes salary and perquisites

^ Prior to his appointment as a Whole-time Director in the Company, Vishnu Pramodkumar Malpani was head – corporate strategy of the Company. The remuneration paid to him by the Company is pursuant to his employment with the Company.

[#] Appointed as Managing Director w.e.f January 3, 2025, hence no remuneration paid for nine month period ended December 31, 2024, Fiscal 2024, 2023 and 2022. While salary of ₹6.55 million has been accrued for Murali Krishna Bhupatiraju, it has not been paid by our Company as on the date of this Preliminary Placement Document and will be paid subsequently.

Remuneration to our Non-Executive Independent Directors

Pursuant to the resolution passed by our Board on January 3, 2025, each Independent Director is entitled to receive remuneration of ₹70,000 as sitting fees for attending each meeting of the Board and ₹20,000 for attending each meeting of the committees of the Board, within the limits prescribed under the Companies Act, and the rules made thereunder.

The following table sets forth the remuneration payable to our Non-Executive Independent Directors during January 1, 2025 to the date of this Preliminary Placement Document, for the nine months period ended December 31, 2024 and the Fiscals 2024, 2023 and 2022:

(₹ in million)

Sr. No	Name of the Director	From January 1, 2025 to the date of this Preliminary Placement Document	Nine months period ended December 31, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
1.	Michael Joseph Booth*	0.07	0.22	0.36	NA	NA
2.	Subba Rao Ambati**	0.02	0.21	0.40	NA	NA
3.	Madhusree Vemuru*	-	0.28	0.42	NA	NA
4.	Deepak Kabra***	0.00	NA	NA	NA	NA

Note: The fee paid to Independent Directors is excluding the reimbursement of expenses.
**Appointed as Independent Director w.e.f .September 12, 2023, hence no remuneration paid for Fiscals 2023 and 2022.*
***Appointed as Independent Director w.e.f .September 24, 2023, hence no remuneration paid for Fiscals 2023 and 2022.*
****Appointed as Independent Director w.e.f January 3, 2025, hence no remuneration paid for nine month period ended December 31, 2024, Fiscal 2024, 2023 and 2022.*

Remuneration/ sitting fees from our Subsidiaries

None of our Directors receive remuneration/ sitting fees from our Subsidiaries.

Key Managerial Personnel

All the Key Managerial Personnel are permanent employees of our Company. In addition to Rakesh Chopdar, Murali Krishna Bhupatiraju, Jyoti Chopdar and Vishnu Pramodkumar Malpani, whose details are provided in "*-Brief Profiles of our Directors*" on page 245, the details of our other Key Managerial Personnel in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

Brief profiles of our Key Managerial Personnel

The details of our Key Managerial Personnel are set out below:

Ronak Jajoo is the Chief Financial Officer of our Company. He has passed the examination for his bachelor's degree in business administration from Jai Narain Vyas University, Jodhpur. He has also passed the examination for a post graduate degree in business management from N. L. Dalmia Institute of Management Studies and Research, Mumbai. He has previously worked with Pransa Financial Consultants Private Limited as vice president. He joined our Company on April 15, 2021. He received a gross remuneration of ₹6.29 million in Fiscal 2024.

Ful Kumar Gautam is the Company Secretary and Compliance Officer of our Company. He has passed the examination in relation to bachelor's degree in commerce (insurance) from Loyola Academy Degree & P.G. College and is an associate member of the Institute of Company Secretaries of India. He is also an associate member of the Insurance Institute of India. He has previously worked with Karvy Computershare Private Limited as apprenticeship trainee, Nihar Info Global Limited as CS – management trainee, with BPS Security Services Private Limited as assistant company secretary and Saraiwwalaa Agrr Refineries Limited as company secretary. He joined our Company on March 6, 2018. He received a gross remuneration of ₹ 2.94 million in Fiscal 2024.

Senior Management

The details of our Senior Management, as on the date of this Preliminary Placement Document are as follows:

Ashok Gentyala is the Head – Engineering & Operations of our Company. He holds a diploma in mechanical engineering from Government Polytechnic, Hyderabad, Telangana. He has previously worked with Rohini Auto Electricals Private Limited as a CNC milling operator cum programmer and with SEC Industrice Private Limited as CNC milling & CNC turning programmer. He joined our Company on September 1, 2008. He received a gross remuneration of ₹ 7.88 million in Fiscal 2024.

Balaji PR is the Head – Business Growth of our Company. He holds a bachelor's degree in business administration from University of Madras and a post graduate certificate in engineering business management from University of Warwick. He has previously worked with Miranda Tools, Helix Tools as production in charge, Forward Manufacturing Co. Pvt. Ltd. as senior manager – production and with Godrej & Boyce Manufacturing Co. Pvt. Limited as associate chief manager in structures. He joined our Company on November 1, 2018. He received a gross remuneration of ₹ 7.67 million in Fiscal 2024.

Dinesh J Shetty is the Head – Supply Chain of our Company. He holds a bachelor's degree in technology (mechanical engineering) from Institute of Advanced Studies in Education University and a diploma in mechanical engineering from NRAM Polytechnic Nitte. He has previously worked with Fouress Engineering (India) Limited as quality control inspector, Terex India Private Limited as supplier quality executive and in the procurement function with Toshiba JSW Turbine & Generator Private Limited. He joined our Company on June 1, 2019. He received a gross remuneration of ₹ 6.69 million in Fiscal 2024.

Atin Agarwal is the Head – Analytics & IT of our Company. He holds a bachelor's degree in commerce from Osmania University and a master's degree in science from Fairleigh Dickinson University. He has previously worked with Sanjeevani Pharma Capsules as a partner. He joined our Company on February 1, 2016. He received a gross remuneration of ₹ 6.14 million in Fiscal 2024.

Matthew Richard Childs is the Head – Program Management of our Company. He holds a bachelor's degree in engineering from Nottingham Trent University. He has previously worked with Alstom Power as principal project manager and with Demag Delaval Industrial Turbomachinery Limited (Siemens) as sales manager. He received a gross remuneration of ₹4.54 million in Fiscal 2024.

Silpa Kanaka Bellamkonda is the Head – Quality Management Systems of our Company. She has been issued a provision certificate for bachelor's in computer applications by Osmania University and has passed the examination in relation to post graduate degree in information systems from Osmania University. She also holds a master's degree in science (computer application) from University of Plymouth and a master's degree in business administration from National Institute of Business Management. She joined our Company on May 11, 2010. She received a gross remuneration of ₹ 3.74 million in Fiscal 2024.

Relationship amongst Key Managerial Personnel and Senior Management and Directors

Except as disclosed in " – *Relationship between our Directors*" on page 246, none of the Key Managerial Personnel or Senior Management Personnel are related to each other or to any of the Directors of the Company.

Shareholding of our Key Managerial Personnel and Senior Management

Except as disclosed under "– *Shareholding of our Directors*" at page 247 and the table below, none of our Key Managerial Personnel and Senior Management holds Equity Shares in our Company as on the date of this Preliminary Placement Document.

Name of the Key Managerial Personnel / Senior Management	Number of Equity Shares held	Percentage of the pre-Issue Equity Share capital (%)
Ashok Gentyala	254,828	0.43
Balaji PR	148,654	0.25
Ronak Jajoo	127,414	0.22
Dinesh J Shetty	127,414	0.22
Atin Agarwal	127,414	0.22
Silpa Kanaka Bellamkonda	106,174	0.18

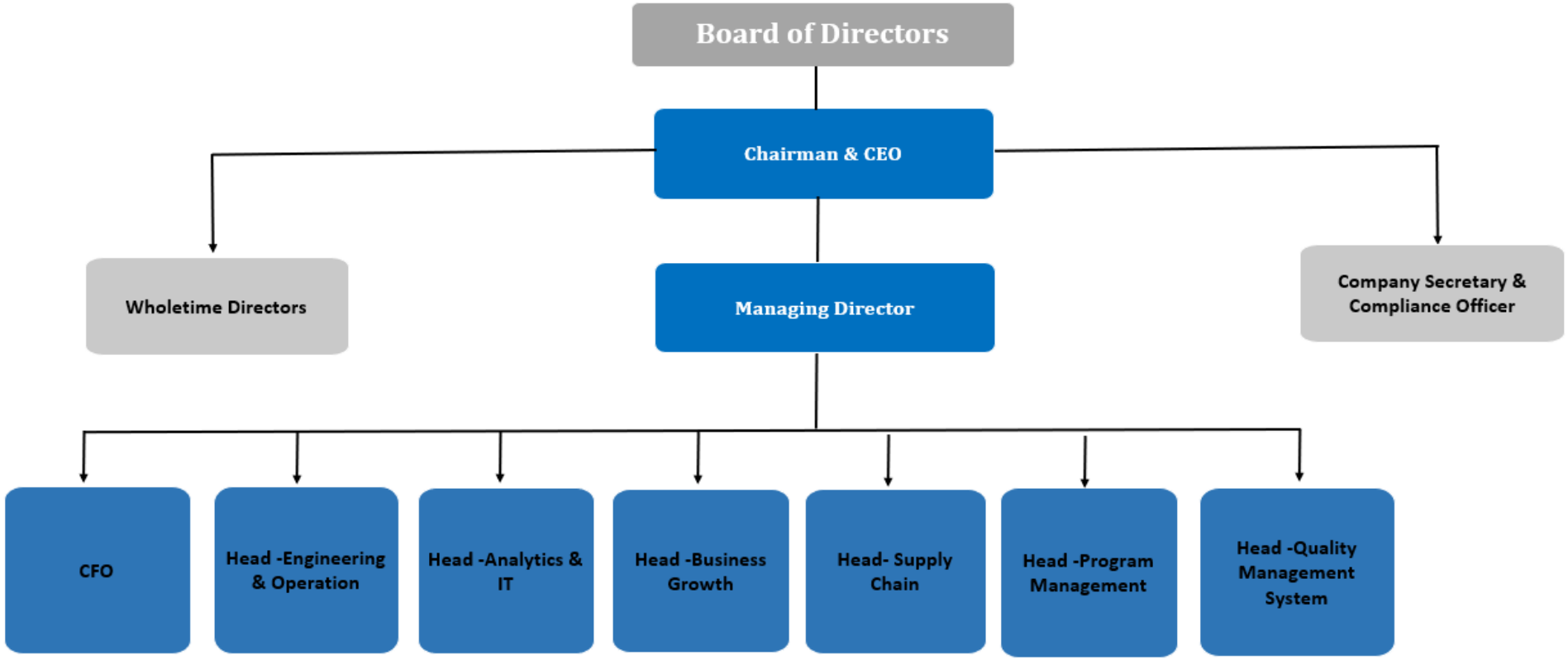
Interest of Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel or Senior Management of our Company have any interests in our Company other than as disclosed in *"- Interest of Directors*" and to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment including employee stock options and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in our Company, if any, and any dividend payable to them, during the ordinary course of business.

Except for the details as stated in the *"- Interest of directors"* on page 246 and *"Risk Factors – Some of our Directors, our Promoter, Senior Management Personnel and Key Managerial Personnel have interests other than reimbursement of expenses incurred and normal remuneration or benefits in our Company"* on page 67, none of our Key Managerial Personnel or Senior Management have any interest in any property acquired or proposed to be acquired of our Company or by the Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Except as otherwise stated in this Preliminary Placement Document and as set out in the section "*Related Party Transactions*" on page 39, our Company has not entered into any contract, agreement or arrangement during the preceding three years from the date of this Preliminary Placement Document in which any of the Key Managerial Personnel or members of the Senior Management are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, as on date of this Preliminary Placement Document, no Key Managerial Personnel or member of the Senior Management has availed, nor extended any loans to/from our Company.

Management organization chart of our Company



Corporate governance

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions.

Committees of our Board of Directors

Our Board of Directors have constituted the following committees, in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; and (v) Corporate Social Responsibility Committee.

The following table sets forth the details of the members of the aforesaid committees as of the date of this Preliminary Placement Document:

Sr. No.	Committee	Members
1.	Audit Committee	i. Madhushree Vemru ii. Michael Joseph Booth iii. Vishnu Malpani
2.	Nomination and Remuneration Committee	i. Michael Joseph Booth ii. Madhushree Vemru iii. Subba Rao Ambati
3.	Stakeholders' Relationship Committee	i. Subba Rao Ambati ii. Rakesh Chopdar iii. Vishnu Malpani
4.	Risk Management Committee	i. Madhushree Vemru ii. Michael Joseph Booth iii. Vishnu Malpani
5.	Corporate Social Responsibility Committee	i. Rakesh Chopdar ii. Vishnu Malpani iii. Michael Joseph Booth

Policy on disclosures and internal procedure for prevention of insider trading

Our Company has adopted a code of conduct for prohibition of insider trading ("**Insider Code**") with a view to regulate trading in securities by the directors and employees of our Company while in possession of unpublished price sensitive information ("**UPSI**"). The Insider Code requires pre-clearance for dealing in our Company's shares and prohibits the purchase or sale of our Company's shares by the persons falling within the scope of definition of 'designated persons', as defined under the Insider Code, while in possession of UPSI in relation to our Company or its securities. Our Company has appointed the Company Secretary and Compliance Officer of our Company as a compliance officer to ensure compliance of the Insider Code by all the directors and employees likely to have access to UPSI. Further, our Company has also adopted the code of fair disclosure of UPSI to regulate and monitor the flow of UPSI. The aforementioned Insider Code is posted on the website of our Company at www.azad.in.

Other confirmations

Except as otherwise stated above in "*– Interest of our Directors*" and *"– Interest of Key Managerial Personnel and Senior Management*", none of the Directors, Promoter, Key Managerial Personnel or Senior Management of our Company has any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Company, nor the Directors or Promoter have ever been identified as wilful defaulters by any Company or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI or fraudulent borrowers as defined in the SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoter have been debarred from accessing capital markets under any order or direction made by SEBI. Further, neither our Promoter nor any of the Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoter, Key Managerial Personnel or Senior Management of our Company intends to subscribe to the Issue.

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a

code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders, in accordance with the SEBI Insider Trading Regulations, as per which, the Company Secretary of our Company is the Compliance Officer for the purposes of this code.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, immediately preceding the date of this Preliminary Placement Document, see "*Related Party Transactions*" on page 39.

Employee stock option schemes

For details with respect the employee stock option scheme of our Company, see "*Capital Structure - Employee stock option scheme*" on page 91.

None of our Directors, Key Managerial Personnel and Senior Management hold any employee stock options of our Company as on the date of this Preliminary Placement Document.

SHAREHOLDING PATTERN OF OUR COMPANY

The following table sets forth the details regarding the equity shareholding pattern of our Company as on December 31, 2024:

	Category of shareholder	Nos. of shareholders	Number of fully paid-up equity shares held	Total nos. shares held	Shareholding as a % of total Number of shares (calculated as per SCRR, 1957)	Number of voting rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialised form	Number of shares pledged or otherwise encumbered		Sub-categorization of shares (XV)		
								Number (a)	As a % of total Shares held(b)		No.(a)	As a % of total shares held (b)	Shareholding (Number of shares) under		
													Sub-category I	Sub-category II	Sub-category III
(A)	Promoter & Promoter Group	9	38,957,107	38,957,107	65.90	38,957,107	65.90	11,827,600	30.36	38,957,107	297,300	0.76	-	-	-
(B)	Public	117,604	20,155,886	20,155,886	34.10	20,155,886	34.10	-	0.00	20,155,886	-	0.00	-	-	-
(C)	Non-Promoter - Non Public	-	-	-	0.00	-	0.00	-	0.00	-	-	0.00	-	-	-
(C1)	Shares underlying DRs	-	-	-	0.00	-	0.00	-	0.00	-	-	0.00	-	-	-
(C2)	Shares held by employee trust	-	-	-	0.00	-	0.00	-	0.00	-	-	0.00	-	-	-
	Total	**117,613**	**59,112,993**	**59,112,993**	**100.00**	**59,112,993**	**100.00**	**11,827,600**	**20.01**	**59,112,993**	**297,300**	**0.50**	**-**	**-**	**-**

The following table sets forth the details regarding the equity shareholding pattern of our Promoter and Promoter Group as on December 31, 2024:

	Category & Name of the shareholders	Entity Type	Number of shareholders	Number of fully paid-up equity shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of voting rights held in each class of securities		Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
							Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	Class eg:X	Total	
A1	**Indian**					0.00		0.00		0.00		0.00	
	Individuals / Hindu Undivided Family		9	38,957,107	38,957,107	65.90	38,957,107	65.90	11,827,600	30.36	297,300	0.76	38,957,107
	Sunita Walia	Promoter Group	1	1,750	1,750	0.00	1,750	0.00	-	0.00	-	0.00	1,750
	Amit Walia	Promoter Group	1	5,332	5,332	0.01	5,332	0.01	-	0.00	-	0.00	5,332
	Ella Walia	Promoter Group	1	6,000	6,000	0.01	6,000	0.01	-	0.00	-	0.00	6,000
	Rakesh Chopdar	Promoter	1	38,330,255	38,330,255	64.84	38,330,255	64.84	11,827,600	30.86	-	0.00	38,330,255
	Deepak Chopdar	Promoter Group	1	11,820	11,820	0.02	11,820	0.02	-	0.00	-	0.00	11,820
	Jyoti Chopdar	Promoter Group	1	144,000	144,000	0.24	144,000	0.24	-	0.00	-	0.00	144,000

	Category & Name of the shareholders	Entity Type	Number of shareholders	Number of fully paid-up equity shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of voting rights held in each class of securities		Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
							Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	Class eg:X	Total	
	Babita Shripalsingh Sulhyan	Promoter Group	1	12,000	12,000	0.02	12,000	0.02	-	0.00	-	0.00	12,000
	Satwik Chopdar	Promoter Group	1	148,650	148,650	0.25	148,650	0.25	-	0.00	-	0.00	148,650
	Chopdar Kartik	Promoter Group	1	297,300	297,300	0.50	297,300	0.50	-	0.00	297,300	100.00	297,300
	Sub Total (A)(1)		9	38,957,107	38,957,107	65.90	38,957,107	65.90	11,827,600	30.36	297,300	0.76	38,957,107
A2	**Foreign**					0.00		0.00		0.00		0.00	
	Total Shareholding Of Promoter And Promoter Group (A)= (A1)+(A2)		**9**	**38,957,107**	**38,957,107**	**65.90**	**38,957,107**	**65.90**	**11,827,600**	**30.36**	**297,300**	**0.76**	**38,957,107**

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.
(1) PAN would not be displayed on website of Stock Exchange(s)
The term 'Encumbrance' has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The following table sets forth the details regarding the equity shareholding of the members of the public as on December 31, 2024:

	Category & Name of the shareholders	Nos. of shareholders	Number of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialised form (Not Applicable)	Sub-categorization of shares		
								Number (a)	As a % of total Shares held(b)		Shareholding (Number of shares) under		
											Sub-category (i)	Sub-category (ii)	Sub-category (iii)
B1	**Institutions**	0	0		0.00		0.00		0.00		-	-	-
B2	**Institutions (Domestic)**	0	0		0.00		0.00		0.00		-	-	-
	Mutual Fund	13	3,668,459	3,668,459	6.21	3,668,459	6.21		0.00	3,668,459			
	Kotak Mahindra Trustee Co Ltd A/C Kotak MNC Fund	1	704,367	704,367	1.19	704,367	1.19		0.00	704,367			
	ICICI Prudential Transportation and Logistics Fund	1	1,812,210	1,812,210	3.07	1,812,210	3.07		0.00	1,812,210			

	Category & Name of the shareholders	Nos. of shareholders	Number of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialised form (Not Applicable)	Sub-categorization of shares		
								Number (a)	As a % of total Shares held(b)		Shareholding (Number of shares) under		
											Sub-category (i)	Sub-category (ii)	Sub-category (iii)
	Alternate Investment Funds	6	51,928	51,928	0.09	51,928	0.09		0.00	51,928			
	Insurance Companies	4	158,701	158,701	0.27	158,701	0.27		0.00	158,701			
	Sub Total (B1)	23	3,879,088	3,879,088	6.56	3,879,088	6.56		0.00	3,879,088			
B3	**Institutions (Foreign)**	0	0		0.00		0.00		0.00		-	-	-
	Foreign Portfolio Investors Category I	47	5,448,004	5,448,004	9.22	5,448,004	9.22		0.00	5,448,004			
	Tree Line Asia Master Fund (Singapore) Pte Ltd	1	900,000	900,000	1.52	900,000	1.52		0.00	900,000			
	Nomura Funds Ireland Public Limited Company-Nomur	1	851,374	851,374	1.44	851,374	1.44		0.00	851,374			
	The Nomura Trust and Banking Co. Ltd as the Trust	1	679,885	679,885	1.15	679,885	1.15		0.00	679,885			
	Abu Dhabi Investment Authority-Monsoon	1	1,430,132	1,430,132	2.42	1,430,132	2.42		0.00	1,430,132			
	Foreign Portfolio Investors Category II	7	450,033	450,033	0.76	450,033	0.76		0.00	450,033			
	Sub Total (B)(2)	54	5,898,037	5,898,037	9.98	5,898,037	9.98		0.00	5,898,037			
B4	**Central Government/ State Government(s)/President of India**	0	0		0.00		0.00		0.00				
B5	**Non-Institutions**	0	0		0.00		0.00		0.00		-	-	-
	i. Resident Individual holding nominal share capital up to Rs. 2 lakhs.	113,762	5,843,407	5,843,407	9.89	5,843,407	9.89		0.00	5,843,407			
	ii. Resident individual holding nominal share capital in excess of Rs. 2 lakhs.	16	2,909,521	2,909,521	4.92	2,909,521	4.92		0.00	2,909,521			
(i)	**Non Resident Indians (NRIs)**	127,7	618,452	618,452	1.05	618,452	1.05		0.00	618,452			
(l)	**Bodies Corporate**	317	597,665	597,665	1.01	597,665	1.01		0.00	597,665			
(m)	**Any Other (Specify)**	2,155	409,716	409,716	0.69	409,716	0.69		0.00	409,716			
	Trusts	3	1,155	1,155	0.00	1,155	0.00		0.00	1,155			
	HUF	2,150	408,539	408,539	0.69	408,539	0.69		0.00	408,539			
	Clearing Members	2	22	22	0.00	22	0.00		0.00	22			
	Sub Total (B)(4)	117,527	10,378,761	10,378,761	17.56	10,378,761	17.56		0.00	10,378,761			

	Category & Name of the shareholders	Nos. of shareholders	Number of fully paid up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialised form (Not Applicable)	Sub-categorization of shares		
								Number (a)	As a % of total Shares held(b)		Shareholding (Number of shares) under		
											Sub-category (i)	Sub-category (ii)	Sub-category (iii)
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)+B(4)	**117,604**	**20,155,886**	**20,155,886**	**34.10**	**20,155,886**	**34.10**		**0.00**	**20,155,886**			

Note:
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

The following table sets forth the details of our non-promoter, non-public shareholders as on December 31, 2024:

	Category & Name of the shareholders	Nos. of shareholders	Number of fully paid-up equity shares held	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialised form
						Number (a)	As a % of total Shares held(b)	
C1	**Custodian/DR Holder**	0	0		0.00		0.00	
C2	**Employee Benefit Trust**	0	0		0.00		0.00	
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0.00		0.00	

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the BRLMs. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the BRLMs and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 273 and 281, respectively.

Our Company, the BRLMs and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and other applicable provisions of the Companies Act, and the rules made thereunder, to the extent applicable, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules, our Company being a listed Company in India may issue Equity Shares to Eligible QIBs provided that certain conditions are met by our Company. Some of these conditions are set out below:

- the Shareholders of our Company have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of the Equity Shares is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of Issue, the contribution made by the Promoter or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the Issue or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on the Stock Exchanges in India, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek approval for the above-mentioned special resolution. For details, see "*Capital Structure*" on page 90;

- invitation to apply in the Issue must be made through a private placement offer-cum-application form (i.e., this Preliminary Placement Document) and an Application Form, serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall have completed allotments with respect to any earlier offer or invitation made by our Company or shall have withdrawn or abandoned any such invitation or offer made by our Company, except as permitted under the Companies Act;

- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of this Issue;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document) and the Application Form, our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- in accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;

- our Promoter and Directors are not Fugitive Economic Offenders; and

- our Directors and Promoter are not declared as 'Wilful Defaulters' or 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of the RBI master circular dated July 1, 2016.

At least 10.00% of the Equity Shares issued pursuant to the Issue to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise their Bids downwards after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or a committee of directors duly authorised by the Board of our Company decides to open the Issue and "Stock Exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. In accordance with the resolution of our Board dated January 3, 2025 and the special resolution passed by our Shareholders dated January 28, 2025, our Company may offer a discount of up to 5.00% of the Floor Price at the time of determination of the Issue Price in accordance with the SEBI ICDR Regulations.

The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as mentioned in Regulation 176 (4) of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being January 28, 2025 and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs, failing which our Company shall refund the Application Amount in accordance with applicable laws. For details of refund of Application Amount, see "– *Pricing and Allocation*" and "*–Designated Date and Allotment of Equity Shares*" on pages 267 and 268, respectively.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information required under the applicable laws including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500.00 million; and

- five, where the issue size is greater than ₹2,500.00 million.

No single Allottee shall be Allotted more than 50.00% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*—Bid Process—Application Form*" on page 264.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on February 25, 2025 and February 25, 2025, respectively. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on January 3, 2025, and our Shareholders by way of a special resolution passed at the extra-ordinary general meeting held on January 28, 2025.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares, see are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid / Issue Opening Date, our Company in consultation with the BRLMs shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be.

2. The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by our Company in consultation with the BRLMs. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case of an upward revision before the Bid/Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Application Amount transferred to the escrow account specified in the application form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLMs.

5. Eligible QIBs will be required to indicate the following in the Application Form:

- a representation that it is outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S and it has agreed to certain other representations set forth in the Application Form;
- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;
- Equity Shares held by the Bidder in our Company prior to the Issue;
- details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue; and
- it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document set forth in the "*Representations by Investors*" on page 5 and "*Purchaser Representations and Transfer Restrictions*" on page 281 and certain other representations as set forth in the Application Form.

NOTE*: *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

6. Eligible QIBs shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "*Azad Engineering Limited QIP Escrow Account*" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid/Issue Closing Date, or (e) the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "- *Refunds*" on page 269.

7. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case of an upward revision before the Bid/Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

8. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, on or before the Bid/Issue Closing Date, our Company shall, in consultation with BRLMs determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLMs on behalf of our Company will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of

Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLMs.**

9. The Eligible QIBs acknowledge that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required disclose the names of proposed Allottees and the percentage of their post- Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it.

10. Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

11. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the BRLMs, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non- receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "- *Refunds*" on page 269

Eligible QIBs

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;

- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority established under sub – section (1) of Section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹250 million;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies; and
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES, SUBJECT TO OTHER CONDITIONS MENTIONED IN THE FEMA RULES. FVCIS ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) should not exceed 10.00% of post-Issue Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10.00% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all Eligible FPIs put together shall not exceed 24.00% of the paid-up Equity Share capital of our Company.

Further, with effect from April 1, 2020, the aggregate limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100.00% under the automatic route. As of December 31, 2024, the aggregate FPI shareholding in our Company is 9.22% (FPI Category – I) and 0.76% (FPI Category – II) of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see "*Shareholding Pattern of our Company*" on page 254. In case our Company decreases its aggregate limit, it may increase such aggregate limit to the prescribed limits with the approval of our Board and our Shareholders through a special resolution. However, our Company shall not be allowed to reduce the aggregate limit to a lower threshold once such limit has been increased.

In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re- classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the master circular issued by SEBI dated December 19, 2022 (circular no. SEBI/HO/AFD-2/CIR/P/2022/175), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Pursuant to the SEBI master circular dated December 19, 2022 (Circular No: SEBI/HO/AFD-2/CIR/P/2022/175), our Company has appointed NSE as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3.00% below the overall limit a red flag shall be activated. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the

FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being our Promoter, or any person related to, the Promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company, the BRLMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

Note: *Affiliates or associates of the BRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties, acknowledgements and undertakings, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 5, 273 and 281, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid/Issue Closing Date;

6. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Bidder confirms that in the event it is resident outside India, it is not an FVCI;

9. Each Eligible QIB confirms that its Bids would not result in triggering an open offer under the SEBI Takeover Regulations;

10. Each Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

11. Each Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLMs. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. Each Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

13. Each Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50.00% of the Issue. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Non-Executive Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. Each Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

15. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

16. Each Eligible QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10.00% of the total issued share capital of our Company;

17. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) in our Company does not exceed 10.00% of the post-Issue paid-up capital of our Company on a fully diluted basis;

18. The Bidder acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, or "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the SEBI Takeover Regulations;

19. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations; and

20. The Eligible QIB confirms that:

    a. It is outside the United States and is subscribing to the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S, and is not an affiliate of the Company or a person acting on behalf of such an affiliate; and

    b. it has agreed to certain other representations set forth in the sections titled, "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 273 and 281, respectively, and the other representations made in the Application Form.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLMs, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLMs TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLMs, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form, whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the BRLMs) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the BRLMs either through electronic form or through physical delivery at the following address(s):

Name	Address	Contact Person	Website and Email	Phone (Telephone)
ICICI Securities Limited	ICICI Venture House Appasaheb Marathe Marg Prabhadevi, Mumbai – 400 025 Maharashtra, India	Hitesh Malhotra/Ramesh Vaswana	**Website**: www.icicisecurities.com **E-mail**: azad.qip@icicisecurities.com **Investor grievance E-mail**: customercare@icicisecurities.com	+91 22 6807 7100
Goldman Sachs (India) Securities Private Limited	951-A, Rational House Appasaheb Marathe Marg, Prabhadevi Mumbai – 400 025 Maharashtra, India	Anant Gupta	**Website**: www.goldmansachs.com **E-mail**: gs-azad@gs.com **Investor grievance E-mail**: india-client-support@gs.com	+91 22 6616 9000
SBI Capital Markets Limited	1501, 15th Floor, Parinee Crescenzo G Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India	Sylvia Mendonca/Prashant Patankar	**Website**: www.sbicaps.com **E-mail**: azad.qip25@sbicaps.com **Investor grievance E-mail**: investor.relations@sbicaps.com	+91 22 2217 8300

The BRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the duly completed Application Form, within the Bid/Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "*Azad Engineering Limited QIP Escrow Account*" with the Escrow Agent, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account within the Bid/Issue period stipulated in the Application Form, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "Azad Engineering Limited QIP Escrow Account*"* only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "- *Refunds*" on page 269.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form, to the extent applicable. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5.00% of the Floor Price in accordance with the approval of our Shareholders, accorded by way of a special resolution passed at the extra-ordinary general meeting held on January 28, 2025 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. Our Company, in consultation with the BRLMs, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board or Securities Issue Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLMs. Such Bids cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. The book shall be maintained by the BRLMs.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, Company in consultation with BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLMs ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

Confirmation of Allocation Note or CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLMs, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the details of amount to be refunded, if any, probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so

desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the Allotment and credit of Equity Shares into the successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act and the PAS Rules.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5.00% of the Equity Shares offered in the Issue, namely, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12.00% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Right to Reject Applications

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 264 and 269, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode). Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLMs shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Placement Agreement

The BRLMs have entered into the Placement Agreement dated February 25, 2025 with our Company, pursuant to which the BRLMs have agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and, subject to certain conditions procure subscription for the Equity Shares to be issued pursuant to the Issue, on a reasonable efforts' basis.

The Equity Shares will be placed with the Eligible QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and the BRLMs, and it is subject to termination in accordance with the terms contained therein. Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 11 and 5, respectively.

Relationship with the Book Running Lead Managers

In connection with the Issue, the BRLMs (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be offered pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLMs (or their affiliates) may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of Offshore Derivative Instruments. For further details, see "*Offshore Derivative Instruments*" on page 11.

From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates.

Lock-up

Our Company will not a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, for a period from the date hereof up to 60 days after the Closing Date without the prior written consent of the BRLMs, however, the foregoing restriction shall not be applicable to the (i) the issuance of the Issue Shares pursuant to the Issue; (ii) issuance of ESOPs or Equity Shares pursuant to conversion of ESOPs; and (iii) any transaction required by law or an order of a court of law or a statutory authority.

Promoter Lock-in

Our Promoter will not for a period of 60 days from the date of Allotment under the Issue, without the prior written consent of the BRLMs, directly or indirectly: (a) issue, offer, sell, lend, pledge, contract to sell or issue, purchase or sell any option or contract to purchase, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility. Further, preferential issuance of Equity Shares or any other securities to the Promoter or Promoter Group of the Company shall be subject to lock-up requirements under the Applicable Law.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Purchaser Representations and Transfer Restrictions" on pages 1, 5 and 281, respectively

General

The Issue is being made only to Eligible QIBs. The distribution of this Preliminary Placement Document or any offering material and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described under this section and under the sections entitled "*Notice to Investors*", "*Representations by Investors*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 5 and 281, respectively.

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document:

- does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act.

- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;

- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and

- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of the Equity Shares under the Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes for intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("BMA") has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, the Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

European Economic Area

In relation to each Member State of the European Economic Area (each a "Relevant State"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation (as defined below), except that it may make an offer to the public in that Relevant State of any Equity Shares at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the BRLMs; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Issuer or any Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Book Running Lead Managers have represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Equity Shares other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO.

(ii) it has not issued or had in its possession for the purposes of the issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This Preliminary Placement Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or

its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Equity Shares are issued or sold elects to sell any Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman ("**Oman**") without the prior consent of the Capital Market Authority ("**Oman CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of the Equity Shares described in this Preliminary Placement Document will not take place inside Oman. This Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the "**CMAL**"), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Preliminary Placement Document and the Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Preliminary Placement Document and the Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not

being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Preliminary Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Preliminary Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Book Running Lead Managers have represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

Each BRLM has acknowledged that this Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each BRLM has represented and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Equity Shares, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

Due to restrictions under the securities laws of South Africa, no "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) is being made in connection with the issue of the Equity Shares in South Africa. Accordingly, this Preliminary Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. The Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions stipulated in section 96 (1) applies:

i. the offer, transfer, sale, renunciation or delivery is to:

(a) persons whose ordinary business is to deal in securities, as principal or agent;

(b) the South African Public Investment Corporation;

(c) persons or entities regulated by the Reserve Bank of South Africa;

(d) authorised financial service providers under South African law;

(e) financial institutions recognised as such under South African law;

(f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

(g) any combination of the person in (a) to (f); or

ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000 or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the South African Companies Act.

Information made available in this Preliminary Placement Document should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this

document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the UAE or any other authority in any of the free zones established and operating in the UAE. The Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

1. an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and

2. made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Kingdom

The communication of this Preliminary Placement Document and any other document or materials relating to the issue of the Equity Shares offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. In the United Kingdom, this Preliminary Placement Document is being distributed only to, and is directed only at those (i) who have professional experience in matters relating to investments and who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the Equity Shares in the United Kingdom within the meaning of the FSMA. Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this Preliminary Placement Document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this Preliminary Placement Document relates to may be made or taken exclusively by relevant persons.

In addition, in relation to the United Kingdom, no offer of Equity Shares which are the subject of the offering contemplated by this Preliminary Placement Document to the public may be made in the United Kingdom other than:

(i) to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**");

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the BRLMs; or

(iii) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Equity Shares shall require our Company or any BRLM to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Equity Shares means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, please refer to the section titled "*Purchaser Representations and Transfer Restrictions*" on page 281.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 273.

Purchaser Representations and Transfer Restrictions

The Equity Shares Allotted in the Issue are also subject to the resale restrictions in "*Selling Restrictions*" on page 273 and the following resale restrictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase the Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S

- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the Book Running Lead Managers for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the

Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares and (v) have no need for liquidity with respect to the investment in the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to this Preliminary Placement Document and will be provided access to the Placement Document which it has read in its entirety.

- It agrees to indemnify and hold our Company and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold our Company or the Book Running Lead Managers liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

It acknowledges that the Company and the BRLM and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLM. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the BRLMs or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Delisting of equity shares from the stock exchanges, whether by way of a compulsory or a voluntary delisting, is governed by the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "**Delisting Regulations**"). Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

The SCRR requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound expectations.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25.00%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25.00% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Disclosures under the Companies Act and securities regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoter shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public listed companies are required under the Companies Act, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial results (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index- based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down, for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation- wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

SEBI Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the "**Insider Trading Regulations**") have been notified by SEBI to amongst other things, prohibit and penalize insider trading in India and prohibit dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Insider Trading Regulations also impose certain restrictions on the communication of UPSI relating to a company or securities listed or proposed to be listed. In terms of the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. It also provides disclosure obligations for promoters, employees and directors, with regard to their shareholding in the company, and the changes therein. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations define the term "unpublished price sensitive information" to mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of its securities and ordinarily includes but not restricted to information relating to the following: (a) financial results; (b) dividends; (c) change in capital structure; (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions; and (e) changes in key managerial personnel. Further, in terms of the Insider Trading Regulations, "generally available information" is defined as information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media. An "insider" means any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information. The term "connected person" means any person who is or has during the six months prior to the concerned act been associated with a company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holding any position, including a professional or business relationship, whether temporary or permanent with the company, that allows such person, directly or indirectly, to have access to unpublished price sensitive information or is reasonably expected to allow such access.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities (including fiduciaries and intermediaries) that are required to handle UPSI in the course of business operations to establish (i) an internal code of practices and procedures for fair disclosure of UPSI; (ii) an internal code to regulate, monitor and report trading by designated persons

and immediate relatives of designated persons; and (iii) a policy for procedures to be adopted by a company in case of any leak of UPSI. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

Settlement

The stock exchanges in India operate on a trading day plus one, or T+1 rolling settlement system. At the end of the T+1 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Tuesday.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹150,000,000 divided into 75,000,000 Equity Shares having a face value of ₹2 each. For further details see "*Capital Structure*" on page 90.

Dividends

Under the Companies Act, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous Fiscal(s) arrived in a manner laid down by the Companies Act and remaining undistributed or out of both or out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government and no dividend shall exceed the amount recommended by the board of directors.

Further, as per the Companies Act read with the Companies (Declaration and Payment of Dividend) Rules, 2014, in the event of inadequacy or absence of profits in any year, a company may declare dividend out of free reserves, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this shall not apply to a company, which has not declared any dividend in each of the three preceding financial years (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves of the company as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15.00% of the company's paid up share capital as per the most recent audited financial statement of the company.

Our Board may retain any dividends in respect of the securities on which our Company may have a lien and may apply the same towards the satisfaction of the debts or liabilities or engagement in respect of which the lien exists. No member shall be entitled to receive payment of interest and dividend in respect of his Equity Shares while any money may be due or owing from him to our Company and our Board may deduct from any dividend payable to any member all sums of money, if any, payable by him to our Company on account of calls in relation to the Equity Shares of our Company or otherwise.

According to the Articles of Association, dividends may be paid to the members according to their respective rights and interest in the profits and may, subject to the provisions of Section 207 of the Companies Act, fix the time for payment. However, our Company may declare a smaller dividend in the general meeting.

Unclaimed and unpaid dividend shall not be forfeited by our Company before the claim becomes barred under the applicable laws.

Capitalisation of Profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalise its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus, and (e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares by listed companies would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve that any moneys standing to the credit of the share premium account or capital redemption reserve account or any moneys, investments or other assets forming part of the undivided profits of the Company (including profits or surplus money realised on the sale of capital assets of the Company) standing to the credit fund or reserve of the Company and available for

dividend to be capitalised and distributed. The Board may issue fractional certificates and make such arrangements for acceptance, allotment and sale of such shares, bonds or otherwise as they may think fir, and may make cash payment to holders of shares, on the footing of the value so fixed in order to adjust rights and may vest any shares, bonds or other obligations in trustees upon such trust for adjusting such rights.

Pre-Emptive Rights and Alteration of Share Capital

Our Company may from time to time by ordinary resolution increase its authorised share capital by such sum to be divided into shares of such amount as may be specified in the resolution. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

Our Articles of Association provide that our Company, may, at a general meeting , from time to time, by an ordinary resolution, consolidate, increase, reduce, divide and/or sub-divide the Share Capital or reclassify them into several classes and attached thereto respectively such preferential, convertible, deferred, qualified or special rights, privileges, conditions or restrictions, whether in regard to Dividend, voting, return of Capital, distribution of assets of otherwise, as determined in accordance with the Law and the regulations from time to time of the Company and provisions of the Companies Act, 1956 for the time being in force including Statutory modifications, amendments or re-enactment of the Companies Act thereof and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may be determined by or in accordance with the Articles of Association, subject to the provisions of the applicable law for the time being in force.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall lapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of our company and every director of our company, at least 21 clear days prior to the date of the proposed meeting, unless consent is obtained for giving a shorter notice. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, on a show of hands, every member holding equity shares shall have one vote and every person present as a duly authorised representative of a body corporate being a holder of an equity share shall, if not entitled to vote in his own right, have one vote. Upon a poll or a voting through electronic means, the voting rights of each shareholder entitled to vote and present in person or by proxy shall be in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Transfer and Transmission of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Such transfers are subjected to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold). SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Subject to the provisions of the regulations laid down by SEBI and our Articles of Association, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any members, or by any lawful means ther than by a transfer, may with the consent of the board of directors elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the board of directors, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than three and not more than twelve, or such higher number not exceeding fifteen as may be approved by the Central Government. The first directors of our Company were Bajranglal Chopdar and K.P. Joy. The Articles of Association also permit our Directors to appoint any other person as a director as an additional director but so that the total number of Directors shall not at any time exceed the maximum number, as fixed under the Articles of Association. However, any additional director so appointed shall retire from office at the date of the next following annual general meeting of our Company but shall be eligible for election at such meeting as a Director.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act and provided that there is gap of at least 30 working days between the two dates of closure. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders.

Winding Up

In the event of our winding up, if the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. If in the winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the shares held by them respectively, without prejudice to the rights or the rights of the holders of shares issued upon preferential or special terms and conditions. The liquidator on any winding-up (whether voluntary, or otherwise) may, with the sanction of special resolution, divide amongst the contributories in specie or in kind, the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not, and may sanction, vest the whole or any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them as the liquidation with the like sanction shall think fit but no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

To,
The Board of Directors
Azad Engineering Limited
CIN: U74210TG1983PLC004132
90/C&D, Phase-1,
I.D.A. Jeedimetla,
Hyderabad-500055

Sub: Statement of possible special tax benefits available to Azad Engineering Limited ("the Company"), its shareholders under the direct tax and indirect tax laws, prepared in accordance with the requirements under Schedule VII(18) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations").

1. We, M S K A & Associates ("**the Firm**"), Chartered Accountants, the statutory auditors of the Company hereby confirm the enclosed statement in the Annexure prepared and issued by the Company (the "**Statement**"), which provides the possible special tax benefits under direct tax and indirect tax laws presently in force in India, including the Income-tax Act, 1961, (the "Act"), the Income-tax Rules, 1962, (the "**Rules**"), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2025-26 relevant to the financial year 2024-25 the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively, the "**Taxation Laws**"), including the rules, regulations, circulars and notifications issued thereon, each as amended by the Finance Act, 2024 and as applicable to the assessment year 2025-26 relevant to the financial year 2024-25, available to the Company and its shareholders. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Taxation Laws. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives, the Company and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfil such conditions for availing special tax benefits.

2. This Statement of possible special tax benefit is required as per Schedule VII (18) of the SEBI ICDR Regulations. While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company and its shareholders the same would include those benefits as enumerated in the Statement. Any benefits under the Taxation Laws other than those specified in the Statement are considered to be general tax benefits and therefore not covered within the ambit of this Statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the Statement, have not been examined and covered by this Statement.

3. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

4. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them.

5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. The benefits stated in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed qualified institutions placement of equity shares of the Company (the "**Issue**") particularly in view of the fact that certain enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible tax benefits, which an investor and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of the Statement. Also, any tax information included in this written communication was not intended or written to be used and it cannot be used by the Company or the investor for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

7. We do not express any opinion or provide any assurance on whether:
   - The Company, its shareholders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been/would be met; and

- The revenue authorities/courts will concur with the views expressed herein.

8. We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accounts of India.

9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

10. The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law.

11. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

12. This Statement is addressed to Board of Directors of the Company and has been issued at the specific request of the Company for submission to the Lead Managers ("LMs") to assist them in conducting their due-diligence and documenting their investigations of the affairs of the company in connection with the proposed issue. The enclosed Annexures to this Statement is intended solely for your information and for inclusion in the Preliminary Placement Document ("PPD"), Placement Document ("PD") and any other documents in connection with the Issue (collectively referred to as "Issue Documents"), and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Statement is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in the Statement. While reasonable care has been taken in the preparation of this Statement, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For M S K A & Associates

Chartered Accountants

Firm Registration No. 105047W

AnanthakrishnanGovindan
Partner
Membership No: 205226
UDIN: 25205226BMKTOJ2227

Place: Hyderabad
Date: February 25, 2025
Enclosure: Annexure A and B

Annexure A

Statement of possible special tax benefits available to Azad Engineering Limited ('the Company') and its Shareholders

Direct Taxation

This statement of possible special direct tax benefits available to the Company and its shareholders under the direct tax laws in force in India. This statement is required as per Schedule VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations"). This statement is as per the Income-tax Act, 1961 as amended by Finance Act, 2024 & the Finance (No.2) Act, 2024 read with the relevant rules, circulars and notifications applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force.

1. **Special Income tax benefits available to the Azad Engineering Limited ('the Company') in India under the Income-tax Act, 1961 ('Act')**

   - ***Section 115JB - Special provision for payment of tax by certain companies.***

- Notwithstanding anything contained in any other provision of this Act, where in the case of an assessee, being a company, the income-tax, payable on the total income as computed under the Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2020, is less than fifteen per cent of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income-tax at the rate of than fifteen per cent. The tax payable under MAT shall be increased by applicable surcharge and education cess.

Book profit means the net profit as shown in the profit & loss account for the year as increased and decreased by some items as prescribed under the act. When any amount of tax is paid as MAT by the company, then it can claim the credit of such tax paid in accordance with the provision of section 115JAA (***"MAT Credit"***)

MAT Credit will be difference of Tax paid as per MAT calculation and Income tax payable under normal provision of Income-tax Act. Such MAT Credit shall be eligible to be carried forward and set off for 15 Assessment Years immediately succeeding the assessment year in which such credit has become allowable. Set off of MAT Credit shall be allowed for any assessment year to the extent of the difference between tax payable as per the normal provisions of the Act and MAT calculated as per section 115JB of the Act.

   - ***Section 80 JJAA – Deduction in respect of employment of new employees:***

- Subject to the fulfilment of prescribed conditions, for the year, the Company is entitled to claim deduction under section 80JJAA of the Act with respect to an amount equal to 30% of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. Further, where the Company wishes to claim possible tax benefit, it shall obtain necessary certification from Chartered Accountant on fulfilment of the conditions under the extant provisions of the Act.

   - As per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company, or a foreign company shall be eligible for deduction while computing its total income for the relevant year. The amount of such deduction would be restricted to the amount of dividend distributed by the Company to its shareholders on or before one month prior to due date of filing of its Income-tax return for the relevant year. Since the Company has investments in domestic companies, it may avail the above-mentioned benefit under Section 80M of the Act.

2. **Special direct tax benefits available to the Shareholders of Company under the Act**

- Apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits available to the shareholders of the Company under the Tax Laws identified supra

For **Azad Engineering Limited**

Rakesh Chopdar
Chairman and CEO
Date: February 25, 2025
Place: Hyderabad

Annexure B

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO THE SHAREHOLDERS OF THE COMPANY

Indirect Taxation

Outlined below are the tax benefits available to the Company and its shareholders under the Indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 / the Union Territory Goods and Services Tax Act, 2017 and the Goods and Services Tax (Compensation to States) Act, 2017 (the "GST Acts"), the Customs Act, 1962 (the "Customs Act") and the Customs Tariff Act, 1975 (the "Tariff Act"), as amended by the Finance Act, 2024 & Finance (No.2) Act, 2024 read with the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2024-25, and Foreign Trade Policy, 2023, presently in force in India.

UNDER THE INDIRECT TAX

SPECIAL BENEFITS TO THE COMPANY UNDER VARIOUS INDIRECT TAX LAWS:

1. Special tax benefits available to the Company

(i) The Company has One active GSTIN in the state of Telangana.

The Company is claiming the benefit of refund of ITC on Export of Goods and Services without payment of tax as per Section 54 of the Central Goods and Services Tax Act, 2017.

The Company is eligible to avail the benefit of Input Tax Credit (ITC) of the GST paid on certain procurements, subject to fulfilment of prescribed conditions under the GST Laws

(ii) We understand that the Company has earnings in foreign exchange. For cross border transactions that entail inward remittance of foreign currency, there are specific benefits which have been provided under Indirect tax laws/regulations subject to fulfillment of prescribed conditions.

(iii) Additionally, the Company has availed the benefit of RODTEP and Duty Drawback based on the notified rates or All-Industry Rates respectively on exports, subject to fulfilment of prescribed conditions.

(iv) Apart from the above, no other special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

2. **Special Tax Benefits available to the Shareholders of the Company**

(i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company.

Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.

(ii) Apart from above, the shareholders of the Company are not eligible to any other special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

Notes:

1. This Statement covers only certain relevant Indirect tax law benefits and does not cover any other benefit under any other law.

2. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indian Indirect Tax Regulation. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

3. The tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the

individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

    i. the Company or its shareholders will continue to obtain these benefits in future.
    ii. the conditions prescribed for availing the benefits have been/ would be met with; and
    iii. the revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

For Azad Engineering Limited

Rakesh Chopdar
Chairman and CEO

Date: February 25, 2025
Place: Hyderabad

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of, amongst others, civil suits, criminal cases, tax proceedings, regulatory and statutory actions. These legal proceedings may have been initiated by us or by customers, business partners, regulators, or other parties, and are pending at different levels of adjudication before various courts and tribunals. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.

As on the date of this Preliminary Placement Document, except as disclosed below, there are no outstanding legal proceedings which have been considered material in accordance with our Company's 'Policy for Determining Materiality Disclosures of Events or Information' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated, as approved on September 13, 2023.

*Additionally, solely for the purpose of this Issue, this section of the Preliminary Placement Document also discloses (i) any outstanding actions initiated (including any notices received) by any regulatory and/ or statutory authorities such as SEBI or such similar authorities or stock exchanges, involving the Company, Subsidiaries, Promoter and Directors ("**Relevant Parties**"), (ii) all outstanding criminal litigation (including matters at FIR stage where no/some cognizance has been taken by the court or judicial authority) filed by and against the Relevant Parties will be disclosed individually, (iii) all outstanding civil litigation involving (which includes cases filed by and against) the Relevant Parties, where the amount involved exceeds the lowest of: (a) two percent of turnover, as per the last audited consolidated financial statements of the Company, i.e. ₹68.15 million; (b) two percent of net worth, as per the last audited consolidated financial statements of the Company i.e. ₹ 129.01 million; (c) five percent of the average of absolute value of consolidated profit or loss after tax, as per the last three audited consolidated financial statements of the Company, i.e. ₹16.09 million ("**Materiality Threshold**"), (iv) consolidated disclosure of all outstanding tax (both direct and indirect) proceedings (including show cause notices) involving the Relevant Parties, provided that if any such claim exceeds the Materiality Threshold such matter has been disclosed on an individual basis, and (v) any other outstanding legal matter where the aggregate amount involved is not quantifiable, but which, in the view of our Company, could have a material adverse effect on the business or operations of the Company and its Subsidiaries including penalties and proceedings under environmental laws, intellectual property laws and labour laws, whether quantifiable or not. The Materiality Threshold was adopted by our Securities Issue Committee solely for the purpose of the Issue pursuant to its resolution dated February 25, 2025.*

Except as disclosed elsewhere, this section of the Preliminary Placement Document also discloses (i) any inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company, our Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or our Subsidiaries; (ii) any material fraud committed against our Company in the last three years, and if so, the action taken by our Company; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company (on a consolidated basis) including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act or the rules made thereunder; and (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any, will be disclosed; (vii) disclosure on status of promoter or directors of our Company as fugitive economic offenders, and disclosure, if any, on the wilful defaulter status of our Company, subsidiaries the promoter or directors, if any; and (viii) any reservation, qualification or adverse remark of auditors in the last five Fiscals immediately preceding the year of this issue and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties, as the case may be, shall not, unless otherwise decided by the board of directors of the Company, be considered material until such time that the Relevant Parties are not impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

I. Litigation involving our Company

Criminal proceedings against our Company

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceedings initiated against our Company.

A writ of mandamus (Writ Petition No. 18735 of 2024) ("**Petition**") was filed in July, 2024 by (i) Chilupuri Venkata Surya Narayana Raju, (ii) Pesumancha Sri Devi, and (iii) Ruperao Prasanthi (collectively, the "**Petitioners**") before the High Court for the State of Telangana at Hyderabad ("**Court**") against our Company, the State of Telangana, the District Collector,

Panchayat Raj Wing, Sangareddy District, the District Panchayat Officer, Sangareddy District, the Tahsildar, Jinnaram Mandal, Sangareddy District, the Gram Panchayat, Mangampet Village and the Station House Officer, Sangareddy District (collectively, the "**Respondents**"), in relation to the property purchased by our Company in Sy. No. 55 of the Magampet village from the Telangana State Industrial Infrastructure Corporation Limited ("**Schedule Property**") It has been alleged by the Petitioners that our Company is damaging and trying to encroach upon the existing road adjacent to the Schedule Property, which was laid under a special grant by the District Panchayat Officer and was being utilised by the villagers. It has been further alleged that our Company has trespassed and demolished a temple situated at SY. No. 55/3 and has damaged a dump yard earmarked and allotted in Sy. No. 55, for which a complaint was lodged by the Panchayat Secretary against our Company on May 31, 2024 (the "**Complaint**") a, FIR No. 59/2024 dated May 31, 2024, was filed under section 447 and 427 of the IPC and Section 3 of the Prevention of Damage to Public Property Act, 1984 against the management of our Company. Our Company has filed a response on September 9, 2024, against the petition. The matter is currently pending.

Criminal proceedings by our Company

As on the date of this Preliminary Placement Document, there are no criminal proceedings initiated by our Company.

Material civil proceedings against our Company

As on the date of this Preliminary Placement Document, there are no material civil proceedings against our Company.

Material civil proceedings by our Company

As on the date of this Preliminary Placement Document, there are no material civil proceedings initiated by our Company:

Regulatory and/or statutory proceedings involving our Company

Except as disclosed below, there are no regulatory and/or statutory proceedings involving our Company:

1. Our Company received a show cause notice dated March 17, 2023 ("**SCN**") from the MCA, Cost Audit Branch ("**MCA**"), alleging, *inter alia*, that our Company and our officers in default as defined under Companies Act, 2013, which include our Company's Whole-time Directors and KMPs, were in default for non-maintenance of cost records for the Financial Year 2016-17 as prescribed under Section 148(1) of the Companies Act, 2013 read with Rule 3 & 5 of the Companies (Cost Records and Audit) Rules, 2014. Subsequently, our Company received a reminder dated April 20, 2023 from the MCA to submit a reply to the SCN. Our Company submitted its response dated July 5, 2023 ("**SCN Response**"), clarifying that (i) our Company was maintaining cost records in form CRA-1 as prescribed in Section 148 of the Companies Act, and (ii) our Company had made a typographical error in the relevant reporting; and accordingly, requested the MCA to withdraw the SCN. Our Company has since received a reminder by way of e-mail communication dated September 25, 2023 from the MCA asking our Company to submit a reply to the SCN, in response to which our Company has re-filed the SCN Response. The matter is currently pending.

2. Our Company received a show cause notice dated December 29, 2023 ("**SCN**") from the MCA, Cost Audit Branch ("**MCA**"), alleging, *inter alia*, that our Company and our officers in default as defined under Companies Act, 2013, which include our Company's Whole-time Directors and KMPs, were in default for not appointing cost auditor as required under Section 148 (3) of the Companies Act, 2013 read with Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year 2019-20 and Financial Year 2020-21. Subsequently, our Company received a reminder dated March 18, 2024 from the MCA to submit a reply to the SCN. Our Company submitted its response dated March 23, 2024 ("**SCN Response**"), clarifying that our Company is exempted under sub-section 3 of Section 148 of Companies Act, 2013 as to the appointment of cost auditor or undertaking cost audit for its goods or products. The matter is currently pending.

3. Our Company received a show cause notice dated August 12, 2024 ("**SCN**") from the MCA, Cost Audit Branch ("**MCA**"), alleging, *inter alia*, that our Company and our officers in default as defined under Companies Act, 2013, which include our Company's Whole-time Directors and KMPs, were in default for not appointing cost auditor as required under Section 148 (3) of the Companies Act, 2013 read with Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year 2022-23. Subsequently, our Company submitted its response dated August 28, 2024 ("**SCN Response**"), clarifying that our Company is exempted under sub-section 3 of Section 148 of Companies Act, 2013 as to the appointment of cost auditor or undertaking cost audit for its goods or products. Further, our Company received further communication on January 14, 2025 that the SCN Response submitted by our Company has not been found satisfactory. Thereafter, our Company has submitted response dated January 17, 2025, clarifying that our Company is predominately export oriented company and our Company is not required to appoint cost auditor for the Financial Year 2022-23 and is in compliance with Section 148 of Companies Act. The matter is currently pending.

4. Our Company received an email dated February 17, 2025 from Securities and Exchange Board of India ("SEBI") requesting for information and confirmations in relation to an ongoing investigation for suspected insider trading in the securities of our Company by certain individuals ("Involved Persons") for the period from October 22, 2023 and April 29, 2024. Further our Company also received letter dated April 12, 2024 from the NSE of similar nature and our Company responded to the

NSE vide its letter dated April 18, 2024, post which there have been no correspondences from the NSE. Amongst other information sought by SEBI, SEBI has specifically directed to confirm whether the Company or its Promoters, Directors, KMPs, insiders, designated persons, auditors etc. is / are connected / associated with the Involved Persons directly / indirectly. Our Company has responded to the email dated February 17, 2025 with the requisite information and confirmations. The matter is currently pending.

Tax proceedings involving our Company

Except as disclosed below, there are no tax proceedings involving our Company:

Nature of cases	Number of cases	Amount involved (in ₹ million)*
Direct tax		
By our Company	Nil	Nil
Against our Company	5	32.33#
Indirect tax		
By our Company	Nil	Nil
Against our Company:	72	112.84

** To the extent quantifiable.*

 # Out of the above-mentioned five cases aggregating to ₹32.33 million, two cases amounting to ₹7.97 million have been resolved pursuant to the Company's decision to avail the Vivad Se Vishwas Scheme (the "Scheme"). The Company has duly remitted the payable amount and submitted the requisite forms under the Scheme to Principal Commissioner of Income Tax. On processing of application under the Scheme, an order giving effect to this will be passed by the assessing officer upon which the demands shall cease to exist.

Description of tax matters exceeding the Materiality Threshold

Material tax litigation involving our Company

Indirect tax matters

1. Our Company has received a notice dated November 2020 from the Office of the Commissioner of Customs, Chennai-II, under the provisions of Section 143 of the Customs Act, 1962 demanding payment of tax aggregating to a sum of ₹21.09 million (the "**Demand Amount**") on account of non-fulfilment of export obligations under the Export Promotion Capital Goods ("EPCG") authorization No.0930010286 dated May 19, 2014. Our Company has since submitted a response. The matter is currently pending.

Legal notices issued to our Company

As on the date of this Preliminary Placement Document, there are no legal notices issued to our Company.

II. Litigation involving our Subsidiaries

Criminal proceedings against our Subsidiaries

As on the date of this Preliminary Placement Document, there are no criminal proceedings against our Subsidiaries.

Criminal proceedings by our Subsidiaries

As on the date of this Preliminary Placement Document, there are no criminal proceedings initiated by our Subsidiaries.

Material civil proceedings against our Subsidiaries

As on the date of this Preliminary Placement Document, there are no material civil proceedings against our Subsidiaries.

Material civil proceedings by our Subsidiaries

As on the date of this Preliminary Placement Document, there are no material civil proceedings initiated by our Subsidiaries.

Regulatory and/or statutory proceedings involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no tax proceedings involving our Subsidiaries.

Tax proceedings involving our Subsidiaries

Except as disclosed below, there are no tax proceedings involving our Subsidiaries:

Nature of cases	Number of cases	Amount involved (in ₹ million)
Direct tax		

Nature of cases	Number of cases	Amount involved (in ₹ million)
By our Subsidiaries	Nil	Nil
Against our Subsidiaries	Nil	Nil
Indirect tax		
By our Subsidiaries	Nil	Nil
Against our Subsidiaries	Nil	Nil

III. Litigation involving our Directors

Criminal proceedings against our Directors

As on the date of this Preliminary Placement Document, there are no criminal proceedings initiated against our Directors.

Criminal proceedings by our Directors

As on the date of this Preliminary Placement Document, there are no criminal proceedings initiated by our Directors.

Material civil proceedings against our Directors

As on the date of this Preliminary Placement Document, there are no material civil proceedings against our Directors.

Material civil proceedings by our Directors

As on the date of this Preliminary Placement Document, there are no material civil proceedings initiated by our Directors.

Regulatory proceedings involving our Directors

1. For details in relation to the show cause notice dated March 17, 2023 received by our Company, Chairman and our Whole-time directors, please see "- *Litigation involving our Company – Regulatory and/or statutory proceedings involving our Company*" on page 296.

2. For details in relation to the show cause notice dated December 29, 2023 received by our Company, Chairman and our Whole-time directors, please see "- *Litigation involving our Company – Regulatory and/or statutory proceedings involving our Company*" on page 296.

3. For details in relation to the show cause notice dated August 12, 2024 received by our Company, Chairman and our Whole-time directors, please see "- *Litigation involving our Company – Regulatory and/or statutory proceedings involving our Company*" on page 296.

Tax proceedings involving our Directors

Except as disclosed below, there are no tax proceedings involving our Directors:

Nature of cases	Number of cases	Amount involved (in ₹ million)
Direct tax		
By our Directors	Nil	Nil
Against our Directors	Nil	Nil
Indirect tax		
By our Directors	Nil	Nil
Against our Directors	Nil	Nil

Legal notices issued to our Directors

As on the date of this Preliminary Placement Document, there are no legal notices issued to our Directors.

IV. Litigation involving our Promoter

Criminal proceedings against our Promoter

As on the date of this Preliminary Placement Document, there are no criminal proceedings initiated against our Promoter.

Criminal proceedings by our Promoter

As on the date of this Preliminary Placement Document, there are no criminal proceedings initiated by our Promoter.

Material civil proceedings against our Promoter

As on the date of this Preliminary Placement Document, there are no material civil proceedings against our Promoter.

Material civil proceedings by our Promoter

As on the date of this Preliminary Placement Document, there are no material civil proceedings initiated by our Promoter.

Regulatory proceedings involving our Promoter

As on the date of this Preliminary Placement Document, there are no regulatory proceedings involving our Promoter.

Tax proceedings involving our Promoter

Except as disclosed below, there are no tax proceedings involving our Promoter:

Nature of cases	Number of cases	Amount involved (in ₹ million)*
Direct tax		
By our Promoter	Nil	Nil
Against our Promoter	Nil	Nil
Indirect tax		
By our Promoter	Nil	Nil
Against our Promoter	Nil	Nil

Legal notices issued to our Promoter

As on the date of this Preliminary Placement Document, there are no legal notices issued to our Directors.

V. Other material proceedings

As on the date of this Preliminary Placement Document, there are no other material proceedings.

VI. Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law against our Company and / or our Subsidiaries in the last three years immediately preceding the year of this Preliminary Placement Document

As on the date of this Preliminary Placement Document, there are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law against our Company and its Subsidiaries in the last three years immediately preceding the year of this Preliminary Placement Document.

VII. Prosecutions filed against (whether pending or not), fines imposed on, or compounding of offences by our Company and/or our Subsidiaries under the Companies Act in the last three years immediately preceding the year of issue of this Preliminary Placement Document

There are no prosecutions filed against (whether pending or not), fines imposed on, or compounding of offences by our Company and/or our Subsidiaries under the Companies Act in the last three years immediately preceding the year of issue of this Preliminary Placement Document.

VIII. Material frauds committed against our Company in the last three years, and if so, the action taken by our Company

As on the date of this Preliminary Placement Document, there are no material frauds committed against our Company in the last three years preceding the date of this Preliminary Placement Document.

IX. Litigation or legal action pending or taken against our Promoter by any ministry or department of the government or any statutory authority in the last three years

As on the date of this Preliminary Placement Document, there is no litigation or legal action pending or taken against our Promoter by any ministry or department of the government or any statutory authority in the last three years preceding the date of this Preliminary Placement Document.

X. Details of default in annual filings under the Companies Act, 2013 or rules made thereunder

As on the date of this Preliminary Placement Document, our Company has not defaulted in submitting the annual filings under the Companies Act or rules made thereunder.

XI. Details of the Promoter or Directors as Wilful Defaulter or Fraudulent Borrower

As on the date of this Preliminary Placement Document, neither our Company, nor our Promoter or Directors are a Wilful Defaulter or Fraudulent Borrower.

XII. Details of the Promoter or Directors as Fugitive Economic Offender

As on the date of this Preliminary Placement Document, none of the Promoter or Directors of our Company are Fugitive Economic Offender.

XIII. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

As on the date of this Preliminary Placement Document, there have been no significant and material orders passed by the regulators, courts and tribunals which impacts the going concern status of our Company and its future operations.

XIV. Defaults by our Company (on a consolidated basis) in repayment of (i) statutory dues; (ii) debentures (including interest thereon); (ii) deposits (including interest thereon); and (iv) loans from any bank or financial institution (including interest thereon)

As on the date of Preliminary Placement Document, there have been no defaults by our Company (on a consolidated basis) in respect of repayment of (i) statutory dues; (ii) debentures (including interest thereon); (ii) deposits (including interest thereon); and (iv) loans from any bank or financial institution (including interest thereon).

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, M S K A & Associates (Firm Registration No. 105047W), are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the Institute of Chartered Accountants of India.

They were appointed as our Company's Statutory Auditors pursuant to a resolution adopted by our Shareholders at the annual general meeting of our Company held on December 29, 2022, to hold office from the conclusion of the annual general meeting of our Company held on December 29, 2022 until the conclusion of the annual general meeting of our Company to be held in the financial year 2027.

The special purpose consolidated financial statements for Fiscal 2022 have been jointly audited by our Statutory Auditors, M S K A & Associates, Chartered Accountants and Laxminiwas & Co, Chartered Accountants, the previous auditor, pursuant to which they have issued a joint audit report dated September 22, 2023, read together with the joint consent letter dated February 24, 2025 permitting the inclusion of the joint audit report dated September 22, 2023 on the special purpose consolidated financial statements for Fiscal 2022 in the Preliminary Placement Document.

GENERAL INFORMATION

- Our Company was incorporated as 'Azad Engineering Private Limited, under the Companies Act, 1956, pursuant to a certificate of incorporation dated September 14, 1983 issued by the Registrar of Companies, Andhra Pradesh at Telangana. Pursuant to a special resolution passed by our Shareholders on July 14, 2023, our Company was converted into a public limited company and consequently, the name of our Company was changed to 'Azad Engineering Limited' and a fresh certificate of incorporation dated September 5, 2023 was issued by the RoC. Pursuant to a Board resolution dated February 2, 2020, the Registered and Corporate Office of our Company changed from Plot no. 90/C, Phase-1, IDA, Jeedimetla, Hyderabad 500 055, Telangana, India to 90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500 055, Telangana, India.

- Our Registered and Corporate Office is located at 90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500055, Telangana, India.

- Our CIN is U74210TG1983PLC004132. The website of our Company is www.azad.in.

- Our Equity Shares are listed on BSE and NSE since December 28, 2023.

- The Issue was authorized and approved by our Board on January 3, 2025. Our Shareholders have authorized and approved the Issue by way of a special resolution passed at the extra-ordinary general meeting held on January 28, 2025.

- Our Company has received in-principal approvals in terms of Regulation 28(1) of the SEBI Listing Regulations from BSE and NSE dated February 25, 2025 and February 25, 2025, respectively, to list the Equity Shares issued pursuant to the Issue on the Stock Exchange. We will apply for final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

- Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered and Corporate Office.

- There has been no material adverse change in the financial or trading position of our Company since December 31, 2024, the date of the latest Unaudited Consolidated Financial Results prepared in accordance with applicable Accounting Standards included in this Preliminary Placement Document.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR.

- The Floor Price is ₹1,303.08 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of our Shareholders accorded by way of a special resolution passed at the extra ordinary general meeting held on January 28, 2025 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- Except as disclosed in this Preliminary Placement Document, there are no litigation pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 295.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the Net Proceeds in relation to this Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Our Company and the BRLMs accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

- Ful Kumar Gautam is the Company Secretary and Compliance Officer of our Company. His details are as follows:

  Address: 90/C, 90/D, Phase-1, I.D.A. Jeedimetla Hyderabad 500 055 Telangana, India
  Telephone: +91 40 2309 7007
  E-mail: cs@azad.in

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the BRLMs, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

Sr. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]

^ *Based on beneficiary position as on [●]*

* *The details of the proposed Allottees have been intentionally left blank and will be filled in before issuing of the Placement Document to such proposed Allottees.*

The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

For and on behalf of the Board, signed by:

Rakesh Chopdar
(Chairman and CEO)
(DIN – 01795599)

Date: February 25, 2025
Place: Hyderabad

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act and the rules made thereunder.

(ii) the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

For and on behalf of the Board, signed by:

Rakesh Chopdar
(Chairman and CEO)
(DIN – 01795599)

Date: February 25, 2025
Place: Hyderabad

I am authorized by the Securities Issue Committee of the Company, pursuant to resolution dated February 25, 2025 to sign this form and declare that all the requirements of Companies Act, and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Rakesh Chopdar
(Chairman and CEO)
(DIN – 01795599)

Date: February 25, 2025
Place: Hyderabad

AZAD ENGINEERING LIMITED
CIN: U74210TG1983PLC004132

Registered and Corporate Office
90/C, 90/D, Phase-1
I.D.A. Jeedimetla
Hyderabad – 500 055
Telangana, India

Contact Person:
Ful Kumar Gautam
Designation: Company Secretary and Compliance Officer
90/C, 90/D, Phase-1
I.D.A. Jeedimetla
Hyderabad – 500 055
Telangana, India
Telephone: +91 40 2309 7007
E-mail: cs@azad.in

BOOK RUNNING LEAD MANAGERS

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India

Goldman Sachs (India) Securities Private Limited
951-A, Rational House
Appasaheb Marathe Marg, Prabhadevi
Mumbai – 400 025
Maharashtra, India

SBI Capital Markets Limited
1501, 15th Floor, Parinee Crescenzo
G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

M S K A & Associates
1101 B, Manjeera Trinity Corporate
11th Floor
JNTU Hitech City Road, Kukatpally
Hyderabad 500 072
Telangana, India

LEGAL COUNSEL TO OUR COMPANY

Trilegal
7th Floor, Marksquare 61
St. Mark's Rd
Bengaluru 560 001
Karnataka, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

As to Indian Law
Khaitan & Co
One World Centre
10th, 13th & 14th Floors, Tower 1C
841, Senapati Bapat Marg
Mumbai 400 013
Maharashtra, India

As to United States federal securities law
Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049 321

SAMPLE APPLICATION FORM

*Azad Engineering Limited ("**Company**") was originally incorporated as 'Azad Engineering Private Limited' at Hyderabad, Telangana, as a private limited company under the Companies Act, 1956, pursuant to the certificate of incorporation dated September 14, 1983, issued by Registrar of Companies, Andhra Pradesh at Hyderabad. Subsequently, the name of our Company was changed to 'Azad Engineering Limited' pursuant to the conversion of our Company from a private limited company to a public limited company and a fresh certificate of incorporation dated September 5, 2023, was issued by the Registrar of Companies, Telangana at Hyderabad ("**RoC**"). For further details of our Company, see "General Information" and "Organizational Structure" on pages 302 and 242, respectively* **Registered Office and Corporate Office**: 90/C, 90/D, Phase-1, I.D.A. Jeedimetla, Hyderabad 500 055, Telangana, India; **Telephone**: +91 40 2309 7007; **E-mail**: cs@azad.in. **Website**: www.azad.in | **CIN:** U74210TG1983PLC004132 | **LEI:** 3358006TNGEH6SXUN490 | **ISIN:** INE02IJ01035	**SAMPLE APPLICATION FORM** Name of Bidder: _____ Form No: _____ Date: _____

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹2 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING TO APPROXIMATELY ₹ [●] MILLION UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY AZAD ENGINEERING LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS AND IN ACCORDANCE WITH THE APPROVAL OF ITS SHAREHOLDERS IS ₹[●] AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO 5.00% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) which are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (e) are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act") or the securities laws of any state of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 273 and 281, respectively, in the accompanying preliminary placement document dated February 25, 2025 (the "PPD").

ELIGIBLE NON-RESIDENT QIBs CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019, ("FEMA RULES"). ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH PORTFOLIO INVESTMENT SCHEME AND SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED UNDER THE FEMA RULES. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
Azad Engineering Limited
90/C, 90/D, I.D.A,
Jeedimetla Hyderabad 500 055,
Telangana, India
Dear Sirs,

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Foreign Portfolio Investors**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others _____ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "*Application Form*" under Issue Procedure section of the PPD.
** Sponsor and Manager should be Indian owned and controlled.*
***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a Promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the Promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We note that the Company is entitled, in consultation with ICICI Securities Limited, Goldman Sachs (India) Securities Private Limited and SBI Capital Markets Limited (the "**BRLMs**"), in its sole discretion, to accept or reject this Application Form without assigning any reason thereof. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We acknowledge and agree that (i) our names, addresses, nationalities, contact details, email IDs, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Telangana at Hyderabad (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of BSE Limited and the National Stock Exchange of India Limited (the "**Stock Exchanges**") and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the Reserve Bank of India ("**RBI**") and other applicable laws.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections entitled *"Notice to Investors"*, *"Representations by Investors", "Issue Procedure", "Selling Restrictions"* and "*Purchaser Representations and Transfer Restrictions*" of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section entitled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the confirmation of allocation note ("**CAN**"), when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchange; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the BRLMs, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLMs. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; and (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office. (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States (as defined under Regulation S) and are purchasing Equity Shares in an "offshore transaction" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.** We confirm that we have read and agree with the representations, warranties and agreements contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" of the PPD.

BIDDER DETAILS (in Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
TELEPHONE NO.		**FAX. NO.**	
EMAIL ID			
LEGAL ENTITY IDENTIFIER CODE ("LEI Number")			
FOR ELIGIBLE FPIs**	**SEBI FPI Registration Number:**	**For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs/IFs**	**SEBI AIF / MF/ VCF Registration Number / RBI Registrations details for SI-NBFCs / IRDAI Registration details for ICs**

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLMs.*

***In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the BRLMs will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY 1.00 P.M. (IST), [●], 2025	
Name of the Account	M/S.AZAD ENGINEERING LIMITED QIP ESCROW ACCOUNT
Name of the Bank	ICICI Bank Limited
Address of the Branch of the Bank	ICICI Bank Ltd., 6-2-1012, Tgv Mansions, Opp. Institution Of Engineers, Khairtabad, Hyderabad, Telangana 500004
Account Type	Current

Account Number	000805028874
LEI Number	3358006TNGEH6SXUN490
IFSC	ICIC0000008
Tel No.	8688699761
E-mail	sankalp.milin@icicibank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "M/S.AZAD ENGINEERING LIMITED QIP ESCROW ACCOUNT". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS																												
Depository Name(Please ü)	National Security Depository Limited									Central Depository Services (India) Limited																		
Depository Participant Name																												
DP – ID	I	N																										
Beneficiary Account Number										(16 digit beneficiary account. No. to be mentioned above)																		
The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**																												

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)		(In words)	

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Date of Application	
Legal Entity Identifier Code ("LEI")	
Signature of Authorised Signatory (may be signed either physically or digitally)**	

ENCLOSURES ATTACHED
Attested/ certified true copy of the following:
☐ Copy of PAN Card or PAN allotment letter
☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
☐ Copy of notification as a public financial institution
☐ FIR
☐ Copy of IRDAI registration certificate
☐ Intimation of being part of the same group
☐ Certified true copy of Power of Attorney
☐ Other, please specify

* *It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

** *A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

(2) The Application Form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLMs.

(3) This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.

(4) The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.

(5) The format of the Application Form included herein below is for reference and for the purposes of compliance with applicable law only, and no Bids in this Issue should be made through the sample Application Form. The Company, in consultation with the BRLMs, will identify Eligible QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in this Issue should be made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format above.)