

CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED AT THE 06/2023-24 AUDIT COMMITTEE MEETING OF AZAD ENGINEERING LIMITED HELD THURSDAY, 14TH DAY OF DECEMBER, 2023 AT 04:00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 90/C 90/D PHASE 1 IDA JEEDIMETLA, HYDERABAD, TELANGANA-500055.

TO CONSIDER APPROVAL OF KEY PERFORMANCE INDICATORS BY THE AUDIT COMMITTEE

;

RESOLVED THAT the approval of the Audit Committee is hereby accorded to disclose the Key Performance Indicators (the "KPIs") as set out in **Annexure A**, in the Red Herring Prospectus, the prospectus and other documents or material issued in relation to the Offer, including any amendments, addenda or corrigenda issued thereto (collectively, the "Offer Documents").

RESOLVED FURTHER THAT the details for all the KPIs that have been disclosed to the earlier investors of the Company for raising funds at any point of time during the three years period prior to the date of filing of the RHP, and which are required to be disclosed in the "Basis for Offer Price" section, have been verified and audited by Laxminiwas & Co., Chartered Accountants in accordance with SEBI ICDR Regulations pursuant to their certificate dated 14th December, 2023 as set out in Annexure B and will be disclosed in the "Basis for Offer Price" section of the Offer documents.

RESOLVED FURTHER THAT Mrs. Madhusree Vemuru, Independent Director and Mr. Vishnu Malpani, Director of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as deemed necessary, proper or desirable, and to settle to give effect to the above resolution or give instructions and directions for settling any questions, difficulties or doubts that may arise in this regard and to give effect to such modifications, changes, variations, alterations, deletions or additions as may be deemed fit and proper in the best interests of the Company.

RESOLVED FURTHER THAT, a copy of the above resolution, certified to be true by any director or the Chief Financial Officer and Company Secretary and Compliance Officer of the Company be forwarded to the concerned authorities for necessary action.

The resolution was passed with requisite majority.

//Certified true Copy//

For Azad Engineering Limited

Ful Kumar Gautam
(Company Secretary & Compliance Officer)



Annexure A

Key performance indicators of the Company

The KPIs disclosed herein below have been approved by a resolution of Audit Committee dated 14th December, 2023.

The tables below set forth the details of the company's certain financial data based on the KPIs that the Company considers have a bearing for arriving at the basis for Offer Price.

(in ₹ million, unless otherwise stated)

Particulars	Six months period ended September 30, 2023	As at / for the Financial year ended March 31, 2023		
		2023	2022	2021
Revenue from operations	1,587.47	2,516.75	1,944.67	1,227.21
Revenue from operations growth ⁽¹⁾ (%)	-.**	29.42	58.46	-.*
Revenue from customers outside India	1,423.79	2,023.08	1,518.17	1,007.33
Gross Profit ⁽²⁾	1,388.48	2,215.24	1,737.05	1,089.12
Gross Margin ⁽³⁾ (%)	87.47	88.02	89.32	88.75
EBITDA ⁽⁴⁾	525.29	722.78	622.68	281.54
EBITDA Growth ⁽⁵⁾ (%)	-.**	16.08	121.17	-.*
EBITDA Margin ⁽⁶⁾ (%)	33.09	28.72	32.02	22.94
Profit after tax for the period/year	268.89	84.73	294.57	115.00
Profit Margin ⁽⁷⁾ (%)	16.94	3.37	15.15	9.37
Return on Capital Employed ⁽⁸⁾ (%)	9.63***	12.99	16.95	12.09

* Not included as the comparative period figures under Ind AS for FY 2020 / as on March 31, 2020 are not available

** This figure has not been disclosed as it has not been annualised.

*** Not annualised

Notes:

(1) Revenue from operations growth (year on year) means the annual growth in Revenue from operations.

(2) Gross Profit is calculated as Revenue from operations less Cost of Goods Sold. Cost of goods sold is the sum of Cost of materials consumed, Purchases of stock-in-trade and increase/decrease in inventories.

(3) Gross Margin is calculated as Gross Profit divided by Revenue from Operations.

(4) EBITDA is calculated as restated profit before tax plus finance costs, depreciation and amortisation expense less other income.

- (5) EBITDA Growth (year on year) means the annual growth in EBITDA.
 (6) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
 (7) Profit Margin is calculated as profit after tax as a percentage of Revenue from operations.
 (8) 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.

Explanation for the key performance indicators

KPIs	Explanations
Revenue from operations	Revenue from Operations is used by the management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of its business.
Revenue from operations growth	Revenue from Operations growth provides information regarding the growth in the business for the respective periods.
Revenue from customers outside India	Revenue from Customers outside India is used by the management to track the revenue profile from the exports undertaken by the Company and in turn helps assess the overall financial performance undertaken through exports by the Company.
Gross Profit	Gross Profit assesses the Company's operational efficiency at using its labour and costs in producing goods or services.
Gross Margin	Gross Margin is an indicator of the operational efficiency and financial performance of the business.
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Growth	EBITDA growth provides information regarding the growth in the operational performance for the respective periods.
EBITDA Margin	EBITDA Margin is an indicator of the operational profitability and financial performance of the Company's business.
Profit after tax for the period/year	Profit after tax for the period/year provides information regarding the growth of the Company's operational performance for the respective periods.
Profit Margin	Profit Margin is an indicator of the overall profitability and financial performance of the business.
Return on Capital Employed	Return on capital employed provides how efficiently the Company generates earnings from the capital employed in the business.

Comparison with Listed Industry Peers

Below is the comparison with the Company's peers listed in India (as identified by the management), as on March 31, 2023:

(in ₹ million, unless otherwise stated)

Particulars	Azad Engineering Limited	MTAR Technologies Limited	Paras Defence and Space Technologies Limited	Dynamatic Technologies Limited	Triveni Turbine Limited
Revenue from operations	2,516.75	5,737.51	2,224.26	13,157.70	12,475.50
Revenue from operations growth ⁽¹⁾ (%)	29.42	78.18	21.84	4.98	46.39
Revenue from customers outside India	2,023.08	4,506.28	351.57	10,072.10	5,436.13
Gross Profit ⁽²⁾	2,215.24	3,042.41	1,170.63	6,847.50	6,004.12
Gross Margin ⁽³⁾ (%)	88.02	53.03	52.63	52.04	48.13
EBITDA ⁽⁴⁾	722.78	1,539.74	567.50	1,812.60	2,764.00
EBITDA Growth ⁽⁵⁾ (%)	16.08	63.06	9.44	7.11	43.88
EBITDA Margin ⁽⁶⁾ (%)	28.72	26.84	25.51	13.78	22.20
Profit after tax for the period/year ⁽⁷⁾	84.73	1,034.19	359.40	427.90	1,928.80
Profit Margin ⁽⁸⁾ (%)	3.37	18.03	16.16	3.25	15.46
Return on Capital Employed ⁽⁹⁾ (%)	12.99	17.72	12.24	11.76	31.24

Notes:

1. Revenue from operations growth (year on year) means the annual growth in Revenue from operations.
2. Gross Profit is calculated as Revenue from operations less Cost of Goods Sold. Cost of goods sold is the sum of Cost of materials consumed, Purchases of stock-in-trade and increase/decrease in inventories.
3. Gross Margin is calculated as Gross Profit divided by Revenue from Operations.
4. EBITDA is calculated as restated profit before tax plus finance costs, depreciation and amortization expense less other income.
5. EBITDA Growth (year on year) means the annual growth in EBITDA.
6. EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
7. Profit for the year/period is calculated as profit before tax minus tax expense for the year/period.
8. Profit margin is calculated as profit after tax as a percentage of revenue from operations
9. Return on Capital Employed % (ROCE) 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
10. All the financial information for listed industry peers mentioned above is on a consolidated basis and sourced from the audited financial statements of the relevant companies as on March 31, 2023 as available on the websites of the Stock Exchanges.

We confirm that the Company has not undertaken a material acquisition or disposition of assets / business for the periods that are covered by the KPIs and accordingly, no comparison of KPIs over time based on additions or dispositions to the business, have been provided.

AZAD ENGINEERING LIMITED



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CIN NO: U74210TG1983PLC004132 Tel: 040-23097007

GSTIN: 36AAECA9452H1ZJ Email: cs@azad.in

CS-2310-1353 Website: www.azad.in

Annexure B

Procedures performed for the key performance indicators of the company set forth in Annexure A hereto

- (a) Tracing the KPI's to the Restated Consolidated Financial Statements.
- (b) Review of schedules prepared by the Company and tracing the schedules with the Restated Consolidated Financial Statements.
- (c) Review of MIS prepared by the finance department of the Company.
- (d) Recalculation of the KPI's and checking their formulae.
- (e) Comparing the calculated KPI's with peers to assess how the organization has performed in the same domain